

BLACK ENTREPRENEURS AND THE POLITICS OF ECONOMIC DEVELOPMENT

BY

RUSSELL BENJAMIN

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by

Russell Benjamin

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Russell Benjamin

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This doctoral dissertation investigates the politics of the economic development of black entrepreneurs. The research project was carried out by surveying black business owners, public officials, and agency personnel in Daytona Beach and Jacksonville, Florida. The primary interest is in assessing the impact of government officials and programs on black business owners.

Regression analysis revealed a positive relationship between help by white officials and help by government agencies. Further, both black and white official assistance were significantly and positively associated with black business owner participation in a minority set-aside program. This indicates that while respondents generally received little assistance from elected or appointed officials, the help that was given was very important.

Non-traditional black businesses, also called emerging businesses, are in abundance in the inner cities of the locales being studied. This was quite unexpected. It had been hypothesized that these businesses would be located in outlying areas that were presumed to be more conducive to business survival and growth. While most are in these locales, nearly half are in the inner city.

The inner city enterprises had higher 1993 sales than those outside the inner city. This was also unexpected, since much of the literature on inner city black businesses gives a negative portrait of black businesses there.

In conclusion, black business development in the cities in this project has great potential, particularly in the more urbanized city of Jacksonville. This potential, however, will only be realized when the relevant political and social institutions effectively deal with the continuing legacy of racism.

CHAPTER 1 INTRODUCTION AND OVERVIEW

Introduction

Considerable scholarly research has been conducted in the area of race. This is particularly true in reference to black Americans. Most of this research has focused on African-American social and political issues (among many others, Blumberg, 1991; Branch, 1988; Button, 1989; Chafe, 1981; Keech, 1969; Lomax, 1962; Marable, 1984; Matthews and Prothro, 1966; McAdam, 1982; Morris, 1984; Robinson and Sullivan, 1991; and Tate, 1994).

Black economic issues have not been explored in as much detail. Specifically, black entrepreneurship has not been widely researched by scholars. Further, the political issues involved in the development of black entrepreneurship have received scant attention.

This project builds research in this latter area. It addresses African-American entrepreneurial experiences with primarily local governmental units in regard to business development. At the most basic level, this is an exploratory work.

The ultimate goal is to examine the politics and impact of government programs on black business owners. By doing a

comparative study of a traditional southern area (Jacksonville, Florida) and in a non-traditional southern area (Daytona Beach, Florida), it is hoped that the findings will be more generalizable. At the very least, the findings would be enlightening in terms of what is happening with regard to the politics of black business development. The findings will also help guide future research.

Black entrepreneurship is just one facet of economic development for black Americans. As such, it is posited that the establishment of a greater number of successful black businesses is but one piece of a solution to the economic challenges faced by African Americans.

Indeed, other important issues that on the ability of black Americans to thrive economically in this society. Access to education is one example. Decreasing levels of financial aid for college could have a long-term impact on the numbers of African Americans who obtain degrees. This could then adversely affect the numbers of blacks who are moving into occupations that could at least give them middle-class status.

The development of black businesses, then, is not presented in this work as a panacea. However, it is important to explore because relatively little previous research has been conducted. Further, this project examines public policy in relation to African Americans from an economic perspective. In so doing, however, it becomes clear that

social and political factors cannot be extricated from a project of this kind. Consequently, those dimensions are present throughout this investigation.

This research first reviews black civil rights. Included in this is a review of the southern phenomenon known as the tripartite system of domination (Morris, 1984). In this civil rights review, resource mobilization theory is presented as an explanation of the social and political successes of the civil rights movement. Black economic issues were not as successfully addressed by the movement. In particular, the issues involved in the lack of pursuit of black entrepreneurship by civil rights supporters are examined.

The focus then shifts to a more involved investigation of the theoretical perspectives of ethnic entrepreneurship. Ethnic enclave theory (Butler, 1991; Portes and Bach, 1985; and Wilson and Martin, 1982) is a central focus of this discussion. Black entrepreneurship in relation to governmental units is also examined. A discussion of what is still not known about black entrepreneurship and its relationship with governmental agencies is included in this review.

A description of the two locales in which the study was executed follows. This provides a context for the research which was conducted in these cities. There is also a description of the methodology of the survey research, includ-

ing pretesting, and the actual execution of the project. In this portion of the project, basic results of the surveys are reported.

Following this, the more sophisticated analyses are described. This includes the listing and description of hypotheses and variables. The hypotheses are then tested, focusing on business owners who have had some contact with local governmental officials, as well as those who have had experiences with federal, state, or local governmental agencies. The project concludes with a discussion of the implications of the findings. It is hoped that the findings will increase understanding of the politics and impact of black business development.

Civil Rights and Resource Mobilization

The southern civil rights movement was geared toward addressing a three-dimensional system of domination. Known as the tripartite system of domination, this system oppressed black southerners economically, politically, and personally (I refer to the personal oppression as social) (Morris, 1984).

Economic deprivation was manifested in the heavy concentration of blacks in lowpaying and physically demanding occupations. Black southerners were dominated politically because they were excluded from politics. Personal discrim-

ination took the form of segregation laws and customs (Morris, 1984).

The eventual success of the southern civil rights movement is best described by a modification of resource mobilization theory (Button, 1989). Button asserts that the theory's proponents argue that "at least since the 1930s broad social processes, including the increased urbanization of blacks, have improved the political opportunities for blacks to press their demands for change" (1989, 14).

In addition, external resources, especially those provided by the federal government and other elite groups, and the development of indigenous organizational strength, in black churches, colleges, NAACP chapters, and other forms, have provided the conditions necessary for blacks to initiate and sustain a social movement (Button, 1989, 14-15). In addition, the fact that there was widespread sentiment that the early goals of the movement were legitimate mitigated some opposition (Button, 1989).

It is beyond the scope of this project to review every aspect of the civil rights movement. It is useful, however, to examine some of its successes by using modified resource mobilization theory. It can be argued that the many legal successes of the National Association for the Advancement of Colored People (NAACP) were due to resource mobilization. The group was highly bureaucratized and had a corps of well-trained attorneys (Morris, 1984). And very importantly, the

federal courts, particularly the United States Supreme Court, were often disposed to support the organization's goals.

One of the group's earliest victories occurred long before the movement of the 1950s and 1960s. In 1915, the U.S. Supreme Court abolished the "grandfather clause" (Morris, 1984, 14). The first Brown v Topeka case (1954) is arguably the NAACP's greatest legal victory. Again, the Supreme Court's orientation was the primary factor. Specifically, the Court asserted that school segregation was a violation of the equal protection clause of the Fourteenth Amendment (Barker and Barker, 1994).

Direct action, and/or mass-based, civil rights organizations became more prominent after southern reprisals against the NAACP in the wake of the Brown decision (Morris, 1984). These groups, including the Southern Christian Leadership Conference (SCLC), the Congress of Racial Equality (CORE), and the Student Nonviolent Coordinating Committee (SNCC), began to take direct action against segregation (Morris, 1984).

These latter groups were well-organized and had many successes (Carson, 1981; Chafe, 1981; Garrow, 1988; McAdam, 1982; Morris, 1984; Farmer, 1965; Hall, 1978; Harding, 1979; McAdam, 1988; Morris, 1984; Blumberg, 1991). The successes of these groups are indicative of the internal organization

and resources needed for a movement to succeed (Button, 1989).

As in prior campaigns by the NAACP, federal factors were involved in the success of these groups. In the 1961 campaign to desegregate interstate bus terminals, for example, several federal forces came into play (Blumberg, 1991). This campaign, punctuated by Freedom Rides, was inspired by the 1960 Boynton v. Virginia case, in which the Supreme Court "extended the prohibition against interstate travel to terminal accommodations" (Blumberg, 1991, 81). The federal government intervened with marshals after a Freedom Rider bus was bombed with an incendiary device in Anniston, Alabama, and a second bus was attacked by mobs at Anniston and Birmingham. Further, the Interstate Commerce Commission ordered the end of segregated facilities in interstate transportation in September 1961 (Blumberg, 1991).

Congress also proved to be a supporter of the civil rights movement. In the wake of SCLC protest marches in Albany, Georgia, Birmingham, Alabama, and the March on Washington, this body passed the 1964 Civil Rights Act (Blumberg, 1991). This law, which outlawed discrimination in employment and public accommodations, has been referred to as "the most comprehensive civil rights measure ever passed by Congress" (Blumberg, 1991, 127).

The evolution of the 1965 Voting Rights Act is arguably the best example of resource mobilization in action. Civil

rights groups, the president's office, the federal courts, and Congress all played a part. SCLC, SNCC, and CORE fought for voting rights (Blumberg, 1991; Carson, 1981; McAdam, 1988; Blumberg, 1991). Their activities resulted in the passage of the measure.

The most dramatic series of events in this campaign began with an attempted SCLC march from Selma to Montgomery, Alabama. On March 7, 1965, (known as "Bloody Sunday"), the marchers were brutalized on national television by law enforcement officers led by Selma Sheriff Jim Clark (Blumberg, 1991; Garrow, 1988). Supporters came in from across the nation, and in the following weeks, the march was allowed by a federal judge (Blumberg, 1991). This time, the marchers, under the protection of federal troops, were able to complete their trek. However, there were at least three deaths associated with the campaign (Blumberg, 1991).

The Voting Rights Act of 1965, which was signed by President Lyndon Johnson on August 5 of that year, broke down the legal barriers to African-American voters in the South (Blumberg, 1991). Dr. Martin Luther King, Jr. and other civil rights activists felt that getting the vote was the most effective tool in the black struggle (Button, 1989).

In summary, modified resource mobilization theory has significant explanatory power in explaining the success of the civil rights movement. While traditional resource mobi-

lization theory stresses the importance of external resources in the rise of social movements, modified resource mobilization theory argues that external resources have a responsive rather than initiative role (Button, 1989). Modified resource mobilization theory further asserts that external groups may act against social movements (Button, 1989). Congressional, presidential, and federal judiciary support, well-organized civil rights groups, and (especially in terms of the Civil Rights Act, Voting Rights Act, and the Freedom Rides) wide support by whites nationally effected many positive changes in the lives of black southerners (Blumberg, 1991; Branch, 1988; Button, 1989; Garrow, 1988; and Morris. 1984).

Additional resources were involved. Northern white students, who worked in southern civil rights, were a visible and important resource. Further, the movement had been supported by significant financial contributions from liberal northern whites (Blumberg, 1991). Favorable media coverage helped overall public support (Garrow, 1986).

The bulk of civil rights successes, however, were in personal (social) and political matters. In terms of economics, it is certainly the case that employment discrimination was addressed by the movement (Blumberg, 1991; Garrow, 1988; Morris, 1984). But poverty remained a significant problem not just in the South, but also in the cities outside of the South (Blumberg, 1991).

Civil Rights and Economic Issues: Peculiarities Abound

At this point, it should be clear that most of the efforts of civil rights groups have been aimed at ridding American society of social and political discrimination. Likewise, it should be apparent that most of the success of these groups has been in these areas.

These findings have continued to be true after the 1960s. Efforts of blacks to continue to address the economic component of the tripartite system of domination have met with less success. Button (1989) points out that by the 1980s, blacks had shifted their attention to economic issues. These efforts have met with some success, particularly in terms of obtaining employment. The most important factor, other than black efforts, has been the role of the federal government. Title 7 of the Civil Rights Act of 1964, executive orders regarding affirmative action, and the Equal Employment Opportunity Act of 1972, all of which addressed economic issues, have made some positive impact on black employment (Button, 1989).

In spite of these factors, black Americans, particularly those in traditionally southern areas, have not achieved economic equality with whites (Button, 1989). They are underrepresented in private sector jobs, particularly in management and professional positions (Button, 1989). These findings have not been limited to the South. As Blumberg (1991) points out, black unemployment rates on a

national level are higher than those of whites. Additionally, disproportionate numbers of black Americans lack the education now required to work in an economy that has shifted from production to services. Even when blacks and whites have comparable educational attainment, a disparity in incomes exists (Blumberg, 1991).

Further, most economic growth has occurred in suburbs, where few blacks live, and often no public transportation is available for blacks to use to get to these job sites (Blumberg, 1991). Businesses also continue to be dominated by white males, which has limited black employment (modified somewhat by affirmative action programs), especially in white collar positions (Blumberg, 1991).

Many of these national trends are consistent with the findings in southern communities. Federal intervention has been largely responsible for the limited progress that has occurred. Future federal support for black economic issues is in doubt. Several U.S. Supreme Court rulings since the early 1980s have limited affirmative action and black business development programs. One of the most important of these is the 1989 Richmond v Croson ruling that limited minority set-aside programs (Bates, 1993b).

Most economic success for black Americans has occurred in public sector employment (Button, 1989). Not only has there been limited success and federal support of black economic empowerment efforts, little support has been pro-

vided by traditional civil rights groups and their allies. This peculiarity has been especially evident in regard to the development of black-owned businesses (Butler and Wilson, 1988; Lincoln, 1994). While most of this opposition has been ameliorated in recent years, it can be argued that its effects are still being felt.

As an antecedent to discussing this issue, it is useful at this point to explore another factor that served to put blacks at an economic disadvantage, particularly in terms of entrepreneurship. This factor is known as the "economic detour" (M.S. Stuart, 1940; and built upon by Butler, 1991).

The major thrust of economic detour theory is that black Americans have been cut out of the open market. After Reconstruction, southern blacks were hampered in operating businesses due to the segregation laws (Butler, 1991). De Facto segregation in the north also served to constrain the development and operation of black businesses. These governmental constraints set back the pre-war entrepreneurial achievements of both northern blacks and of "slaves in bondage" (Butler, 1991, 762).

The second tenet of the economic detour is that at the time the restrictions were enacted, black Americans were the only group to which those restrictions applied (Butler, 1991). Further, blacks who did business could only operate in a marketplace comprised of other black Americans. Butler

(1991) posits that no group could prosper under such conditions.

Butler asserts that another element of this theory is Stuart's (1940) idea that foreign groups which operated their business in an open-market "had no service-to-country to their credit" (Butler, 1991, 72). Stuart's idea was that if a group showed loyalty to their country, then it would reap benefits from it. However, blacks, who had worked hard for America and demonstrated their patriotism, were restricted in the marketplace, while newly arrived groups could operate without restriction (Butler, 1991). The economic detour forced black Americans into a role of consumer (Butler, 1991).

Booker T. Washington sought to increase black entrepreneurship (Butler and Wilson, 1988). Washington believed that it was more immediately important for black Americans to succeed economically than it was for them to attain political equality. That would come, Washington believed, after economic security was achieved (Butler and Wilson, 1988).

Washington founded the National Negro Business League. This group sought to have blacks patronize black businesses while also developing markets in the mainstream economy. He was somewhat successful. The major hindrance was significant black uneasiness with the League founder's refusal to

pursue other forms of black equality (Butler and Wilson, 1988).

Washington's philosophy and efforts eventually put him at odds with W.E.B. Du Bois of the NAACP, the nation's premiere civil rights organization. Du Bois was convinced that the development of black businesses would serve to assure the segregation of blacks (Butler and Wilson, 1988). After Washington's death, the NAACP continued to fight for the inclusion of blacks in the American mainstream. This pitted the organization against Marcus Garvey and his Universal Negro Improvement Association (UNIA), which favored black business development (Butler and Wilson, 1988).

Somewhat later, the most significant advocate of black business development was Elijah Muhammad of the Nation of Islam (Butler and Wilson, 1988; Cruse, 1968). Both Garvey and Muhammad, and in more recent times, Louis Farrakhan, were (and are) shunned by more traditional civil rights groups for their separatism.

The argument can be made that modified resource mobilization (see Button, 1989) explains the lack of support for black business development. First of all, the federal government did not support it or its advocates (among several others, Garrow, 1986; Lincoln, 1994). Secondly, few indigenous leaders, particularly in the South, and certainly few NAACP chapters and black churches supported these black business advocates. This contrasts with the leadership and

support of groups like SNCC, CORE, and the SCLC (among others, Button, 1989; Garow, 1986).

Also limiting black entrepreneurship was widespread discrimination by banks and other lending institutions; these practices date back to the end of Reconstruction (Butler, 1991). Some evidence exists black business owners are still discriminated against by these entities (among others, Bates, 1993a and 1993b; and Butler, 1991). Finally, American society as a whole has not supported black business development. Indeed, Dr. Martin Luther King lost support when he began to speak out on poverty, even though he was not advocating black business development (Garrow, 1986). And as addressed earlier, minority set-aside programs, designed to help black and other minority business owners, have been curtailed by the U.S. Supreme Court (Bates, 1993b).

It is this issue, black entrepreneurship, with its attendant complexities, that is the focus of this project. The next sections address ethnic entrepreneurship in general, and black entrepreneurship specifically, in more detail.

Ethnicity and Entrepreneurship

Several alternative theories exist of ethnicity and entrepreneurship in America. The first of these is a "Theory of Middleman Minorities," by Edna Bonacich (1972), which

John Butler asserts has been a foundation for many studies in ethnic entrepreneurship (1991, 4).

The theory seeks to explain how ethnic groups thrive in America despite systemic prejudice and discrimination, asserts the author (Butler, 1991). Butler states that Bonacich builds on earlier sociological work which shows that, on an international scale, some racial and ethnic groups become secure by assuming a middleman position within a capitalist system. This results in a difference from most other ethnic groups and minorities, who are on the bottom economically (1991).

Working in such jobs areas as labor contractor, rent collector, money loaner, and broker, these businesspersons "negotiate products between producer and consumer, owner and renter, elite and masses, and employer and employee" (Butler, 1991, 5). Groups cited as middlemen include European Jews, Asians in East Africa, Japanese in America in the early 1900s, and Chinese in Southeast Asia (Butler, 1991).

Although most of these middlemen are in trade and commerce, some are involved in bureaucratic agencies. These persons are also middlemen because they are between buyers and their economic aims (Butler, 1991). Middlemen are not usually primary producers of merchandise and services.

Butler notes that Bonacich cites the concept of sojourning--the migration of groups from a homeland to another country with the goal of engaging in business, developing a

pattern of thrift, and sending money back to the homeland-- as being essential to understanding the minority middleman theory (1991). These groups do not intend to stay in a particular state, which is in contrast to groups who settle in their new countries. The middlemen sojourn from state to state (Butler, 1991).

Butler points out that Bonacich notes the importance of host country hostility to the minority middleman theory. The hostility centers around economics and issues of solidarity. This conflict has increased with emerging nationalism (Butler, 1991). Labor relations are part of this host conflict with middleman groups (Butler, 1991). Since middleman minority groups found their own businesses and use immediate family or group members who are very loyal to the ethnic group, the price of labor falls in a community. This creates conflict between those who work for the middlemen and those who work for host firms (Butler, 1991).

Butler states that Bonacich notes that the host society also takes anti-middleman measures to reduce the economic impact of middlemen. These measures sometimes include labeling middlemen as disloyal because they move to different nations. In essence, middlemen are nomadic people in states which tolerate them. They become economically secure but face problems of discrimination and other types of hostility (Butler, 1991).

Bonacich's theory of middleman minorities prompted research in an American milieu, with particular interest in people of color (Butler, 1991). The first group examined is the Japanese. Despite their success, business stability, and educational status, this group faced discrimination (exemplified by its property confiscation and removal to internment camps during World War II) (Butler, 1991).

After World War II, the Japanese declined as a middleman minority group. Butler cites the research of Bonacich and Modell (1980) demonstrating that education led to this postwar decline (1991). Those Japanese who attempted to continue the ethnic economy sent their children to college with the expectation that they would use their academic acumen in their family businesses. However, these students, in a society decreasingly hostile to Japanese, began to enter the "American" labor force (Butler, 1991, 15). Butler states that Japanese-Americans have been used as a racial and ethnic model of success (1991).

An alternative theory is the collectivist approach to ethnic groups and entrepreneurship. Butler argues that it is similar to the middleman theory, but that the collectivist approach is a reaction to the contention that the theory of middleman minorities lacked a solid cultural dimension (Butler, 1991).

This collectivist approach is based on the work of Scott Cummings (1980). The collectivist theory attempts to

show that immigrants arriving in America followed a collectivist approach to the problems associated with urban life (Butler, 1991). While middleman theory uses hostility as a major factor in the interpretation of business success, collectivism posits that the "cultural baggage" of a group is a major factor in explaining a group's economic success (Butler, 1991, 23).

Cultural baggage is a set of cultural attributes which contribute to the development of capital. Butler cites an example of this by Ivan Light (1980): the pooling of money by some Asian groups. This is a rotating system of credit in which money is kept collectively and loaned out on a rotating basis (Butler, 1991).

The third theory of ethnicity and entrepreneurship is ethnic enclave theory. Butler asserts that it is important to understand the theory of dual economies, developed by Robert Averitt (1968). This theory posits that there is a central economy with a high degree of organization, diversification, technologically advanced means of production and distribution, and national and international accounts (Butler, 1991). On the other side is the peripheral economy, which has firms that are small, run by one person, which use outmoded production techniques, and which have small restricted markets (Butler, 1991).

Butler asserts that the market for labor is divided into good jobs and bad jobs. And minority group members are

more likely to be in these bad jobs or in the peripheral economy (Butler, 1991). Butler, citing Alejandro Portes and L. Bach (1985), then defines an ethnic enclave as "a distinctive economic formation, characterized by the spatial concentration of immigrants who organize a number of enterprises to serve their own ethnic market and the general population" (Butler, 1991, 28). Butler draws upon the work of these authors to demonstrate ethnic enclave theory in regard to Cuban economic development in America (1991).

Butler asserts that Cubans in Miami who work in the ethnic enclave have success through good jobs. Those who work outside compete with other minority groups for bad jobs in the peripheral economy (Butler, 1991). Butler builds upon the work of Kenneth Wilson and W. Allen Martin (1982) to compare ethnic enclaves in Miami of Cubans and African-Americans (1991). In contrast to the Cubans, the African-American enclave resembles the periphery of the economy. No good job creation is evident, and there is no flow of money into the community (Butler, 1991).

Black Entrepreneurship

Several authors have studied American black businesses from a historical perspective (among others, Butler, 1991; Foner and Lewis, 1989; Frazier, 1957; Mandle, 1992; and Woodson, 1988). Woodson (1988) argues that a tradition of black self-sufficiency--as demonstrated by the ownership of

a railroad, and the creation of towns, mutual aid societies, and newspapers--provides the framework for a revival of self-help in the black community.

One is the rate of black entrepreneurship. Sullivan and McCracken (1988) assert that, for the years 1979-1980, blacks were more likely to attempt to become self-employed than white Americans. However, actual (i.e., successful) self-employment rates were lower than that of white Americans or foreign-born persons (Sullivan and McCracken, 1988). This last finding is supported by the results of research by Horton (1988). This scholar found that, all things being equal, blacks were less likely than non-blacks to successfully become entrepreneurs, even when controlling for occupational status.

Black Entrepreneurship and the Government

The success that does exist for blacks becoming and remaining entrepreneurs may be related to governmental institutions and their support. Eugene Bardach (1977) asserts that when the Small Business Administration (SBA) became more liberal in its orientation under the Johnson administration, minorities, including blacks, benefitted.

This finding is not restricted to the federal government. Several scholars report that black businesses have benefit when black mayors and/or other black local officials are present in the area in which the African-American businesses are located (Bates, 1993a and 1993b; Bates and Wil-

liams, 1993). Bates and Williams (1993) provide evidence that, under these conditions, black businesses have greater total sales, greater average sales and employment rates, and lower failure rates than their counterparts in urban areas without a black mayor. This may be due to the ties that some black businesses have to city government. Browning, Marshall, and Tabb (1990) argue that some minorities (in their study, African-Americans and Latinos) who have gotten city contracts have ties to the city government.

Contracts with cities are much more likely to be obtained (regardless of the ethnic makeup of the local political structure) by larger black businesses than by smaller ones. And Bates (1993b) argues that in terms of minority business development, governmental policies have been errant in that they have focused on small black businesses. The larger black businesses, which often contract with governments (including the federal government), are more likely to survive long-term. Bates posits that these firms should therefore be the focus of black economic development programs (1993b).

Bates argues further that the emerging black businesses are founded with relatively large investments; more likely to be headed by people with college educations; more likely to serve a racially diverse clientele; more likely to survive and create jobs than their small counterparts; and are selling increasingly to other businesses (including large

corporations and, as previously stated, the federal government). The areas in which many of these new businesses are emerging are areas which have traditionally had little black participation, including general construction, wholesaling, and skill-intensive service industries (e.g., finance and business services) (Bates, 1993b).

Bates (1993b) further asserts that government policies that aid these emerging, larger black businesses, which are often located outside of inner city areas, would be beneficial to inner-city blacks. He argues that this is because black businesses continue to hire black workers, regardless of firm location (1993b).

Government aid in the development of these larger black firms is needed, argues Bates, in spite of their relative success in comparison to smaller black businesses. This is because there are three serious barriers to the development of these firms (Bates, 1993b). The first barrier is problems of capitalization. Bates asserts that this is the most serious hindrance to the creation, growth, and diversification of these black firms (1993b). Capitalization problems are the lack of personal wealth and discrimination by commercial banks. These problems create a hurdle for existing as well as potential black business owners (Bates, 1993b).

The second constraint on emerging black businesses is challenges to the constitutionality of government programs designed to assist black businesses (Bates, 1993b). The re-

searcher cites the Richmond v. Croson (1989) case (see also Browning, Marshall and Tabb, 1990; and Feagin and Imani, 1994). In this case, the U.S. Supreme Court ruled that state and city governments seeking minority set-aside programs must demonstrate a disparity between the minority business proportion of contracts (city or state) and the proportion of these firms which are willing and able to do the work (Bates, 1993b). These governments must also show the presence of discriminatory barriers that abridge the growth or performance of minority firms in the applicable fields (Bates, 1993b). Bates argues that states and cities will have to reorient minority set-asides to conform to the ruling if the set-asides are to survive (1993b).

The third barrier to emerging black businesses is one of geographic considerations. Black inner-city communities are often excluded from business development programs (Bates, 1993b). In these communities, banks tend to red-line, local customers have little buying power, and better educated entrepreneurs are leaving.

Those black businesses that remain are usually smaller, headed by less educated owners, and have fewer employees and lower sales than black entrepreneurs who leave (Bates, 1993b). Bates asserts that it may be possible to gear minority business programs in a manner which will benefit inner-city communities, but posits that it will be both difficult and expensive (1993b).

As has been stated earlier, Bates argues that development programs should focus mainly upon the larger, emerging black firms which are usually located outside the inner cities. But he also asserts that inner cities can be brought into the economic development process by relying heavily on outside sources for both markets and financial capital, and by attracting the most capable black entrepreneurs to the central city (Bates, 1993b).

Which Areas Need Further Study?

In another work, Bates (1993a) details aspects of research on black entrepreneurship which are not very well known. The author cites three areas: entrenched procedures, attitudes, and networks; the capacity of minority business in the absence of discrimination; and commercial bank red-lining (Bates, 1993a).

Bates argues that research into entrenched procedures, attitudes, and networks will be difficult, but asserts that identifying discriminatory barriers in the procurement process is essential as a starting point (1993a). He argues that the discriminatory barriers are often widespread even when laws mandate preferential treatment for minorities for government procurement funds. These programs often have vague language which makes implementation difficult; the staff may be insufficient to implement those procedures which are specific (Bates, 1993a).

Bates lists several problems which arise for minority businesses. These include problems becoming certified as minority businesses ready and willing to accept procurement contracts; problems in being notified of upcoming procurement opportunities (this is often done intentionally to allow firms in the "network" to get the contract); problems arising from contracts being too large for many minority firms to handle; problems with prompt contract payment (agencies often delay payments for months, which often cause fatal liquidity crises for minority firms); and problems arising from a lack of sanctions when minority firms are not notified of available work, paid on time, or when prime contractors do not use minority subcontractors when they have promised to do (Bates, 1993a). The problems arise from political unwillingness to operate a successful minority business development program (Bates, 1993a).

Another under-researched area is the capacity of minority businesses in the absence of discrimination (Bates, 1993a). Existing data sources could probably be used to address this area (Bates, 1993a). Factors affecting self-employment are age, sex, education, and net asset holdings; Bates asserts that the strongest of these indicators are education and net asset holdings (Bates, 1993a). Actual work experience in the field in which one seeks to become an entrepreneur is very important (Bates, 1993a).

Commercial bank redlining, the final area listed by Bates as needing further research, is strongly correlated with the financial difficulties of black businesses (Bates, 1993a). He argues that further research is needed in this area to direct public policy, and when appropriate, to affect the outcome of legal action involving minority business programs (Bates, 1993a).

Several ways exist to determine the existence of redlining, including investigating whether declining neighborhoods are redlined more than improving ones, whether lending practices are different for different minority communities (e.g., black and Latino), whether white firms are discriminated against if they are in minority communities, and whether minority firms get smaller loans because they are in minority communities or because of the owner's ethnic or racial background (Bates, 1993a). Bates believes it is imperative to investigate these issues at the state and local levels (Bates, 1993a).

In the next chapter, the racial political histories of Daytona Beach and Jacksonville are explored to provide the contexts in which this study occurred. This is followed by a summary of the methodology of the survey process.

CHAPTER 2 STUDY SETTING AND SURVEY METHODOLOGY

How much, and to what extent, do the preceding discussions apply to Daytona Beach, and to Jacksonville, Florida? An important first step is to examine the extent to which the politics of black economic development have become relevant over time to the politics of these cities.

Before examining these localities, it is useful to first define the concepts "Old South" and "New South." Button (1989) asserts that the northern counties of Florida (particularly the Panhandle) "are representative of the rural, agricultural Old South. With comparatively large numbers of blacks, this plantation region... is still very much like its Deep South neighbors of Alabama and Georgia" (1989, 19). While Jacksonville (and the county in which it is located, Duval) is not technically in the Panhandle, it is in North Florida. For this reason, and for others which will become apparent, Jacksonville is classified as an Old South city in this work.

The New South has different characteristics. Button describes the New South areas of Florida: "...most of the southern counties of peninsular Florida are typical of the more urbanized, fast-growing new South... this region... is

is relatively cosmopolitan, affluent, and economically diversified. As one would expect, racial fears and anxieties have not been a major part of the white mentality in the New South area" (1989, 19). Daytona Beach is (and Button names this city specifically) a New South entity. For the purposes of this work, it is ideal because it is like Jacksonville in that its racial politics fall mainly along black-white lines. Daytona Beach is also the largest New South municipality in Florida in which this phenomenon exists. While Miami and Orlando meet the criteria for New South cities, the politics of race in those areas involve other groups in addition to blacks and whites.

Jacksonville, on the other hand, is the largest Old South city in Florida. It was founded during antebellum times (among others, Emery, 1987). This is in marked contrast to Daytona Beach. Founded at the end of the Reconstruction period (Button, 1989), the latter city has few of the legacies of the Civil War or of Reconstruction.

For these reasons, Jacksonville and Daytona Beach are ideal for a study of the politics of black business development. These cities have the characteristics that qualify them as excellent examples of Old South and New South localities.

Racial Politics in Daytona Beach

Racial relations in Daytona Beach have been "quite progressive" (Button, 1989, 81). Button asserts that black

Americans "have established a history of political activism and community change which is unparalleled in all but a few Florida cities" (1989, 81). There are several features about the area which help to explain this phenomenon.

Daytona Beach has a sizable black middle class, a considerable number of tolerant and facilitative whites, and a black college (Bethune-Cookman) which "has provided both an ideology of political action and a reservoir of leaders with liaisons to the white power structure" (Button, 1989, 82).

In addition, Daytona Beach was founded after the Civil War, and many of its whites were from outside the South and were supportive of desegregation and improved race relations (Button, 1989, 82, 88). Part of this white support was also due to a desire by white businessmen to keep Daytona Beach from having racial turmoil, which would adversely affect tourism (Button, 1989, 89). Desegregation of public facilities in Daytona Beach began in the late 1940s, much earlier than in most southern areas. Places desegregated include a city auditorium (1949), city buses, and beaches. Many of these victories resulted from a local black business group called the West Side Business and Professional Men's Association (Button, 1989, 83-84). Further, when the first of the two Brown decisions was handed down in 1954, the county superintendent said that school integration posed no particular problems (Button, 1989, 84).

Daytona Beach area blacks began to challenge segregation in the private sector as well in the early 1960s, and were successful. Button posits that because of these developments, the passage of the 1964 Civil Rights Act did not cause much of a crisis in the city. After the Act passed, it usually took only the threat of a lawsuit to get most of the remaining recalcitrant institutions to abandon segregationist policies (Button, 1989, 85). Button asserts that the racial turbulence and the resulting white backlash that characterized race relations in other places in the late 1960s and early 1970s had been mitigated in Daytona Beach by moderate blacks and whites (1989, 91). In many respects, then, Daytona Beach has been ahead of other southern cities in race relations.

In terms of black economic issues, the city improved the implementation of its affirmative action plan (after the NAACP complained to the federal Office of Revenue Sharing about Daytona's minority record in 1976) and hired more blacks (Button, 1989, 93). By the early 1980s, black public sector employment continued to improve, but private sector employment was not nearly as successful (Button, 1989, 94-95).

This latter situation prompted action by black groups. The NAACP threatened to boycott businesses that did not hire what it considered fair numbers of blacks (Button, 1989, 95). In 1984, the city, at the prompting of its black

elected commissioners and the NAACP, approved an ordinance which would give 10 percent of its construction contracts to minority firms (Button, 1989, 95). The following year, black businesspersons formed a separate chamber of commerce "to promote minority businesses and attempt to bring in more industry in order to provide additional jobs for blacks" (Button, 1989, 95).

As can be seen from this review of racial politics in Daytona Beach, the focus shifted to black economic development. This focus continued, and by the late 1980s had achieved some positive results. For all of Volusia County (which includes Daytona Beach), 10 percent of construction contracts in the 1987-88 fiscal year went to businesses owned by minorities or women (Button, 1989).

Racial Politics in Jacksonville

The racial political history of Jacksonville, an Old South city, is different from that of Daytona Beach. Besides the reasons discussed earlier for giving it an Old South designation, Jacksonville has been deemed to be traditional in several ways by Swanson (1992). The work of Emery (1987) lends credence to the description of the city as traditionally southern.

Emery (1987) asserts that Jacksonville (along with Savannah, Georgia) was one of the few places in the Deep South where blacks kept political power after Reconstruc-

tion. This remained the case until the first decade of the twentieth century, when Democrats quashed their power.

Until this occurred, however, the Republicans (who were allied with blacks) raised issues such as the provision of services to black neighborhoods and the appointment of blacks to West Point (Emery, 1987, 94). Emery posits that city promoters felt that this type of conflict would have an adverse impact on potential investors and newcomers. Therefore, the city boosters began to portray Jacksonville blacks as docile "Uncle Remus/Aunt Jemimah" characters (Emery, 1987, 95).

As memories of the Civil War faded, and white racism rose, the white Republicans lost interest in blacks (Emery, 1987). The whites became more united, and blacks were put in a more traditionally subordinate position. The southern traditions of Jacksonville are further demonstrated in its responses to racial crises. When the first Brown ruling was announced, the Duval County superintendent of schools stated that there would be no immediate integration ("Court Ruling Not to Affect Schools Soon," Florida Times-Union, May 18, 1954, 17a, 26a). The superintendent also asserted that Florida had not been a party to the Brown case, and that the Florida constitution forbade interracial education ("Court Ruling Not to Affect Schools Soon," Florida Times-Union May 18, 1954, 17a, 26a).

Jacksonville greeted the civil rights movement of the 1960s with massive resistance. A biracial Community Relations Committee, which included members of the NAACP and the Jacksonville Chamber of Commerce, recommended that Jacksonville begin desegregating (Maness, 1992). The Chamber of Commerce members resigned from this committee in protest, and later got all whites to leave the committee (Maness, 1992). The 1964 Civil Rights Act and the infusion of federally-funded community development programs began to change things in the city (Maness, 1992), but the impetus did not come from city officials.

Jacksonville continues to have racial problems. In December 1991, a circuit judge made racist remarks in a newspaper interview, which caused a furor. One of the repercussions was the formation of a race-relations group called "Jacksonville Together!" (Donnelly, 1992, 7A). Like Daytona Beach (and other places), there is a push for black economic development in Jacksonville, but institutional resistance also exists. The mayor of Jacksonville rejected a city council ordinance which would have set aside a percentage of contracts to blacks and women in 1992. He objected to the fact that there were specific percentages (Donnelly, 1992).

Initiating the Survey Process

Field pre-tests of the mail questionnaire were conducted in June-August of 1994. Several black businessowners

were interviewed in person in Gainesville, Florida. After several of these interviews and input from survey researchers, a mailout questionnaire was put into final form in September 1994.

It was necessary to obtain the names of black businesses in Daytona Beach and Jacksonville. This process began in June 1994. The Daytona Beach businesses were obtained from lists provided by the Chamber of Commerce and the Community Development Corporation. These lists (which were identical) had the names of minority- and women-owned businesses in Volusia County. Since the project focused on businesses inside city limits, firms in areas outside of Daytona Beach were excluded from the study. This eliminated Volusia County municipalities such as South Daytona, Daytona Beach Shores, Ormond Beach, New Smyrna Beach, and Deland.

The next step was to determine which of the minority and women-owned enterprises in Daytona Beach were owned by black Americans. A Daytona source reviewed the business lists and was able to state which businesses were owned by blacks (Interviewee One, June 29, 1994). This resident also knew which of the listed businesses were closed, and which owners were deceased (Interviewee One, June 29, 1994). This process, as well as information provided by another Volusia County resident (Interviewee Two, June 29, 1994), left eighty-one Daytona Beach black-owned businesses. These were all used in the survey.

Jacksonville had several lists of minority and women-owned businesses. These included the Black Pages, and the North Florida Minority and Women Business Directory. An additional Jacksonville listing made more apparent which businesses were owned by blacks, and which were still in business in 1994 (Interviewee three, September 20, 1994). This process yielded over four-hundred black-owned Jacksonville businesses. Due to budgetary constraints, three hundred sixty-nine firms were selected randomly for study. Like the Volusia County case, places in North Florida that were outside of Jacksonville were excluded. These included Jacksonville Beach, Neptune Beach, and St. Augustine.

The total number of black businesses (Daytona Beach and Jacksonville) selected for the study was 450. They were sent survey questionnaires using the approach of Dillman (1978). The initial phase of this "total design method" (Dillman, 1978) was to include a cover letter (signed by both the principal investigator and co-principal investigator), and a self-addressed stamped return envelope in each packet.

Several steps were taken to encourage participation. The cover letter included in each survey packet stressed the importance of black entrepreneurial input in the project. The business owners were assured of anonymity in the cover letter. Each survey had a number in the upper right corner of the first page. This number corresponded to a number on

a master list made of the businesses that were surveyed.

(Businesses with numbers between 1 and 81 corresponded to Daytona Beach businesses. Those numbered 82-450 were Jacksonville firms.) The businesspersons were assured that their names would not appear in any written document resulting from their participation in the study.

Next were follow-up mailings. A week after the initial September 30, 1994 mailout, a postcard was mailed to each of the subjects. The second follow-up, three weeks after the original mailout, had letters and replacement questionnaires sent only to nonrespondents (Dillman, 1978).

In December 1994, black entrepreneurs in Daytona Beach and Jacksonville were interviewed in person. There were two approaches to these interviews. First, the interviews were designed to increase the survey response rate. Of particular interest was raising the low number of respondents from Daytona Beach. Secondly, several black business owners (in both cities) who had answered the survey were interviewed in an effort to obtain qualitative data which would expand on the survey responses.

Local officials (mostly city, but one county official) were also interviewed in person. Included in this phase of the research were elected or appointed city officials, and officials in agencies that were involved in some aspect of black entrepreneurial development. These agencies included

local block grant agencies, community development agencies, and agencies operating set-aside programs.

Surveying Black Business Owners

Since this study focuses most heavily upon the African-American entrepreneurs, their surveys are the first to be addressed here. One hundred and two black business owners responded to the surveys. Of these, 26 were from Daytona Beach, and 76 were Jacksonville residents.

Taken on its face, the response rate for this project is 23 percent. This is significantly lower than the 70 percent or higher response rate that Dillman (1978) asserts will result from using his survey methods. However, there are several factors that account somewhat for the response rate in this study. First, the studies cited by Dillman (1978) do not involve black-owned businesses. It is simply not known whether he would have obtained his high response rate with this population.

Secondly, several public officials in Daytona Beach and Jacksonville indicated as early as June 1994 that they did not expect more than a 10 percent response rate for this survey. One black official in the latter city indicated that, over a period of several years, his office had sent out several surveys, followed by follow-up telephone calls (Jacksonville Official One, June 28, 1994). This person indicated that the response rate never exceeded 10 percent,

and had been as low as three percent (Jacksonville Official One, June 28, 1994). This public servant asserted that black business owners were very reluctant to answer surveys, particularly those which deal with racial issues (Jacksonville Official One, June 28, 1994).

A black official in Daytona Beach was more blunt in December 1994 when this author was seeking to raise the response rate with in-person interviews of black business owners. This official said, "These people don't want to talk to anybody. They don't trust people asking questions" (Daytona Official One, December 7, 1994). There were several other instances that could be cited wherein officials in both cities indicated that it would be difficult to get a high response rate from black business owners. In light of this, it is perhaps less surprising that the response rate was not as high as originally expected.

An adjustment must also be made to the original response rate of 23 percent. The initial response rate does not take into account those surveys which were discounted from the original pool of 450. In fact, 45 surveys were removed from the study. Thirty-eight surveys were returned by the postal service, with a notation that the addresses were no longer valid. Those businesses were probably closed. An official in Jacksonville stated that her/his office assumed a business was no longer in operation when

this occurred (Jacksonville Official One, September 20, 1994).

Additionally, two Daytona Beach businesses were found to be closed by the author. Two business owners who returned completed surveys indicated that their businesses were non-profit. As this project focuses on for-profit enterprises, these surveys were not used in the quantitative portion of this work. Two other surveys were sent to business owners who were not African American. Finally, one business owner returned a survey in early 1996, more than a year after the other surveys were returned, and too late to be included in the analysis.

With these 45 surveys removed, the survey pool is comprised of 405 possible respondents. The response rate then increases from 23 percent to 25 percent. The adjusted aggregate response rate indicates that approximately one of four business owners surveyed completed the questionnaires. Additionally, this aggregate rate masks significant differences in response rates for the cities, as outlined below (Table 2.1).

Table 2.1 Survey Response Rates for Black Businesses

Location	Pre-Adjustment	Post-Adjustment
Aggregate	23% (102/450)	25% (102/405)
Daytona Beach	32% (26/81)	38% (26/68)
Jacksonville	21% (76/369)	23% (76/337)

The responding businesses reflect, albeit imperfectly, overall black business patterns in the cities. In Daytona Beach, for instance, the overwhelming majority of non-respondents are inner city businesses. This mirrors the locale of the respondents from that municipality. Additionally, the non-responding enterprises in the New South city tended to be the same types of businesses as those which responded (Table 3.2). Exceptions were in construction or contracting. The proportion of those nonresponding businesses was higher than their share among the responding firms.

The responding Jacksonville firms reflect most of the patterns of the nonrespondents. Both respondents and nonrespondents tended to be distributed mostly outside the inner city (see Table 3.6 for locales of respondents), although nearly half of the business listed were in the inner city. Like their Daytona Beach counterparts, the types of businesses owned by non-respondents were similar to those of businesses returning surveys. However, construction and contracting firms were somewhat overrepresented among non-respondents.

As is obvious from Table 2.1, the response rate in Daytona Beach is higher than that of Jacksonville. There are several possible reasons for this difference. First of all, the author spent more time in Daytona Beach throughout the research process. That city had many fewer black businesses, and only one source of listings for those enterprises.

Jacksonville, on the other hand, had several such listings.

Beginning in June 1994, the author sought to maximize the number of respondents from Daytona Beach, as well as to ensure that he was not overlooking businesses that may not have appeared on the lone listing for the area. The goal was to obtain enough respondents from both cities to do separate statistical analyses of survey data. (It was the judgement of the author that less effort would be needed to obtain enough respondents from Jacksonville, since that city had a pool of black businesses more than four times as large as that in Daytona Beach.)

The disproportionate amount of time spent in the Volusia County municipality by the author resulted in better contacts among its black business leaders than among their counterparts in Jacksonville. This may have had an impact in the subsequent response rate to the mailouts. Further, virtually all the black businesses in Daytona Beach were in very close proximity to each other. It is possible that the respondents to the mailouts mutually agreed to return the questionnaires.

Finally, the author spent more time in that city than in Jacksonville. The rationale for this was to increase the survey response rate by asking business owners to complete the surveys in person (this is in reference to the nonrespondents to the mailouts, although some of those who had previously responded were asked followup questions). In

at least one instance, a respondent completing a survey in person referred the author to another business owner who subsequently completed a survey.

Three approaches were used in completing these surveys. Some businesspersons completed the survey while the author was present. In other cases, the surveys were administered orally, while the author recorded the responses on the surveys. Finally, several businessowners requested that surveys be left with them. The author collected these at times convenient to the respondents. In the next chapter, the results of these surveys are reported and discussed.

CHAPTER 3 GENERAL FINDINGS OF THE SURVEYS

The questionnaires consisted of 41 questions. Descriptions of those questions follow, as well as frequency distributions of the responses. These frequency distributions report the combined responses for both cities, as well as separate responses from each of the two cities.

General Profile of Businesses

In the first section of the survey, twelve questions were asked to get a general profile of the black business owners. The initial question was designed to determine the type of firm owned by the respondents. The first nine categories of businesses mirror those used by Bates (1993b). These were on the original surveys, along with a tenth category designated as "other. Please specify."

When processing the returned surveys, the "other" category was deleted. In an attempt to more specifically categorize businesses, the author added five types of businesses from responses written onto surveys. These were "doctor/medical," "attorney," "restaurant," "barber/beauty," and "nightclub." These changes resulted in fourteen possible types of businesses (Table 3.1).

In addition to clarifying the types of businesses originally identified as "other," some of those businesses originally self-identified in the first nine categories were moved to these five new designations. In some cases, the specific type of firm was apparent because the owner had written the specific kind of business in the space beside "other" while also indicating ownership in one of the nine original categories.

In other cases, the type of business owned by a respondent was deduced from the name of the business. In more than one instance, an owner identified as a doctor in various business listings indicated on the original survey that her/his firm was a "professional service." Such a business was later reported by the author as "doctor/medical." These adjustments made the types of businesses surveyed more easy to determine.

When examining the typology of businesses (Tables 3.1 and 3.2), it becomes clear that a significant proportion of black firms responding to the survey are in what Bates (1993b) refers to as emerging, or non-traditional fields. In the aggregate sample, 16 percent of the respondents were in the non-traditional areas of law and medicine (Table 3.1). These two fields are not usually included in research by Bates, but are included here. Since attorneys and doctors (including dentists) comprised such a large share of the

respondents, the author created separate categories for each.

Other non-traditional areas were also present among the respondents. A total of eleven percent of the respondents reported being in manufacturing, wholesaling, and construction or contracting (Table 3.1). Thirteen percent of respondents came from finance, insurance, and real estate, (Bates, 1993b refers to this field by the acronym FIRE) another non-traditional area of black businesses (Table 3.1).

In the service areas, 12 percent were in business service, with another 10 percent of the capitalists working in professional service (Table 3.1). Both of these are areas in which blacks have historically been underrepresented (Bates 1993b). Transportation and communications, another non-traditional area for blacks, accounted for 10 percent of those completing surveys (Table 3.1).

These are promising patterns. And in addition to the fact that most of these respondents are in nontraditional business areas, some are in areas which are growing. Business services, for instance, grew rapidly from 1960--1980, and minority participation (including that by blacks) expanded in this field as well (Bates, 1993b). This is also true of finance, insurance, and real estate (FIRE) (Bates, 1993b). The pattern of black businesses growing in areas

that are generally increasing is referred to as a "mirror pattern" (Bates, 1993b, 29).

The phenomenon of minority businesses increasing proportionally in areas in which self-employment patterns are not generally increasing is known as a "catchup pattern" (Bates, 1993b, 29). Examples of this pattern can be seen in industries such as manufacturing and wholesaling (Bates, 1993b). Several respondents owned firms that were in such traditional lines of business as retailing, personal service, beauty or barber shops, and nightclubs (Table 3.1). Combined, these comprised twenty-eight percent of the total (Table 3.1).

Additionally, one respondent (1 percent of the total) owned a restaurant (Table 3.1). Since this establishment was small, had a limited volume of business (the author visited the business in person), and served an almost exclusively inner-city clientele, the restaurant is considered a traditional establishment. This increases the share of traditional black businesses to 29 percent (Table 3.1).

In general, traditional lines of business ownership do not bode well, in terms of survival and profit, for entrepreneurs of any race (Bates, 1993b). Personal service, in particular, is an area in which it is difficult to prosper. Blacks have been overrepresented in that industry, as well as in retail (Bates, 1993b).

Table 3.1 Business Type

Business	Aggregate
Retail	9.8%
Transportation, communications	9.8%
Manufacturing	2.0%
Finance, insurance, real estate	12.7%
Professional service	9.8%
Personal service	5.9%
Business service	11.8%
Construction or contracting	6.9%
Wholesale	2.0%
Doctor/Medical	7.8%
Attorney	7.8%
Restaurant	1.0%
Barber/beauty	10.8%
Nightclub	2.0%
Total	100.0%

N=102	

In terms of traditionally black-owned businesses in the areas of retailing, personal service, restaurants, beauty or barber shops, and nightclubs, the proportion of Daytona Beach respondents was 38 percent (Table 3.2). While this is higher than the aggregate percentage of 29 (Table 3.1), Jacksonville (at 26 percent--Table 3.1b) is closer to the overall share.

In both cities, most of the establishments are emerging black businesses. Jacksonville has a larger share (74 percent) than does Daytona Beach (62 percent). If Bates (1993b) is correct, the firms in the former city are more likely to survive and flourish.

The fact that Jacksonville had proportionally fewer traditional respondents than its counterpart helps to account for the advantage it had in terms of emerging firms.

Most striking is the fact that only eight percent of the Jacksonville subjects were owners of beauty or barber shops (Table 3.1). By contrast, 19 percent of those reporting from Daytona Beach were involved in these businesses (Table 3.2).

Table 3.2 Business Type by City

Business	Daytona Beach	Jacksonville
Retail	3.8%	11.8%
Transportation, communications	7.7%	10.6%
Manufacturing	3.9%	1.3%
Finance, insurance, real estate	15.4%	11.8%
Professional service	7.7%	10.6%
Personal service	7.7%	5.2%
Business service	3.8%	14.5%
Construction or contracting	7.7%	6.6%
Wholesale	0.0%	2.6%
Doctor/medical	7.7%	7.9%
Attorney	7.7%	7.9%
Restaurant	3.8%	0.0%
Barber/beauty	19.3%	7.9%
Nightclub	3.8%	1.3%
Totals	100.0%	100.0%
	N=26	N=76

Although some differences exist between the categories of black businesses used in this project and those in the nation as a whole, some interesting comparisons can be made. For example, as of 1992, wholesale businesses comprised 1.2 percent of black firms in the U.S. (Mergenhagen, 1996). This is lower than the shares in the 1994 samples for this project (Table 3.1a and 3.1b). Manufacturing businesses comprised 3 percent of all U.S. firms (race notwithstanding) in 1992 (Mergenhagen, 1996).

Some non-traditional types of businesses in this study compared favorably with national black business patterns and with all U.S. businesses. Business services comprised nearly 12 percent of the sample respondents (Table 3.1). Thirteen percent of black firms nationwide were in business service, while eleven percent of all U.S. enterprises were in the same category (Mergenhagen, 1996). Finance, insurance, and real estate businesses constituted approximately 13 percent of the aggregate sample (Table 3.1). These types of firms accounted for about seven percent of black businesses nationally, while 11 percent of all U.S. companies were in this category (Mergenhagen, 1996).

Construction firms comprised approximately seven percent of the firms surveyed for this project (Table 3.1). This is the same proportion for the national black business pool, while these types of firms were eleven percent of all American businesses (Mergenhagen, 1996).

From the preceding, it is apparent that some types of black enterprise in this project compare favorably with patterns found among black businesses nationwide. Additionally, in some categories, the distribution among the aggregate Daytona and Jacksonville businesses are on par with national entrepreneurship patterns. It is also noteworthy that Florida has the fourth-largest number of black businesses in the nation (Mergenhagen, 1996).

The respondents were then asked how long they had operated their businesses. This was an open-ended question which asked the entrepreneurs to list the actual number of years they had owned their firms. Overall, more than half the businesses had been in operation for ten or fewer years (Table 3.3). More than twenty percent of the respondents had owned their businesses for more than twenty years.

The mean number of years for overall business ownership was 13 years. However, it should be noted that six businesses had been in operation for more than thirty-five years (36 years--two businesses, and 39, 40, 46, and 51 years). This may have skewed the mean upward. The median length of operation is more representative. This figure is nine years.

There were some differences among cities, however. The first of those was in the mean number of years of firm ownership. Jacksonville businesses had a mean tenure of 11 years, whereas Daytona Beach establishments had existed for a mean period of 20 years. The median number of years also reflects the differences among the cities (17 years for Daytona Beach and eight for Jacksonville).

This disparity may help explain why more than sixty percent of the Jacksonville respondents had operated businesses for ten or fewer years, while roughly 30 percent of Daytona Beach businesses had existed for similar lengths of time (Table 3.3). On the other end of the time spectrum,

only 13 percent of Jacksonville black business owners reported being in business for more than twenty years, compared to 46 percent of their Daytona Beach counterparts (Table 3.3).

Table 3.3 Length of Business Operation

Time	Aggregate	Daytona Beach	Jacksonville
0-5 years	27.5%	19.2%	30.3%
6-10 years	28.4%	15.4%	32.9%
11-15 years	13.7%	11.6%	14.4%
16-20 years	8.8%	7.6%	9.2%
21-29 years	8.9%	15.4%	6.6%
30 or more	12.7%	30.8%	6.6%
Totals	100.0%	100.0%	100.0%
	N=102	N=26	N=76

The next question asked the capitalists how many full-time employees were presently working for them. Like the previous question, this item asked the respondents to list their actual number of employees. The majority of the respondents had few employees. Fifteen percent had no employees beyond the owner (Table 3.4). However, this finding should be placed into the national context. In 1992, ninety percent of black firms, and 82 percent of all firms, in the U.S had no paid full- or part-time employees (Mergenhagen 1996).

Twenty-five percent of the respondents employed six or more full-time workers. The overall mean number of employees was seven, but this may have been skewed upward by five businesses that had more than 15 employees, including one

business with 250 workers. The median number of employees was three.

Jacksonville had a higher mean number of employees (seven) than did Daytona Beach (a mean of five). However, this inter-local difference was undoubtedly caused in part by the Jacksonville firm which had 250 workers. The irony is that a higher share (27 percent) of Daytona Beach businesses had at least six employees than did their counterparts (25 percent) (Table 3.4). This difference is reflected on the median numbers of employees. The New South businesses had a median employee population of four, which was slightly higher than that (three) of their Jacksonville counterparts.

Table 3.4 Full-time Employees in 1994

Employees	Aggregate	Daytona Beach	Jacksonville
0 employees	14.7%	11.5%	15.8%
1 employee	12.7%	19.3%	10.5%
2 employees	16.7%	3.8%	21.1%
3 employees	10.8%	11.6%	10.5%
4 employees	13.7%	19.2%	11.8%
5 employees	5.9%	7.7%	5.3%
6-10 employees	14.7%	19.2%	13.2%
11-15 employees	5.9%	3.9%	6.5%
16-20 employees	3.9%	3.8%	4.0%
21+ employees	1.0%	0.0%	1.3%
Totals	100.0%	100.0%	100.0%
	N=102	N=26	N=76

The question that followed asked respondents how many full-time employees they had five years before the survey was administered (i.e., in 1989). This was an attempt to

determine whether the business owners had increased their number of employees over a five-year period.

Table 3.5 Full-time Employees in 1989

Employees	Aggregate	Daytona Beach	Jacksonville
0 employees	13.0%	10.0%	14.0%
1 employee	18.2%	20.0%	17.6%
2 employees	18.2%	15.0%	19.3%
3 employees	16.9%	5.0%	21.0%
4 employees	1.3%	5.0%	0.0%
5 employees	3.9%	10.0%	1.8%
6-10 employees	18.2%	25.0%	15.8%
11-15 employees	10.4%	10.0%	10.5%
Totals	100.0%	100.0%	100.0%
	N=77	N=20	N=57

Of the 77 respondents who answered this question, sixty-six percent had three or fewer employees (Table 3.5). Twenty-eight percent of the black business owners reported six or more employees. The mean number of employees was four. Unlike the mean for 1994, the mean for 1989 did not include businesses that had unusually high numbers. There was only one business with 14 employees and only three with 15 workers.

The median number of employees held constant at three workers in both 1989 and 1994. By contrast, black businesses nationwide lost about 38 percent of their employee base, while all U.S. businesses lost about 29 percent of their employees, in a recent five-year period (Mergenhausen, 1996).

The median number of workers in Daytona Beach was 3.5, which indicates that there was growth between 1989 and 1994, when this figure rose to four. In Jacksonville, the five-

year growth is greater. The median numbers of employees increased from two (1989) to three (1994). The city means were more equal here than for 1994. Each was about four, with a very slightly higher mean for Daytona Beach. In fact, 45 percent of black businesses reporting from that municipality had at least five employees in 1989, compared to twenty-eight percent for Jacksonville (Table 3.5).

Overall, the businesses that have been in existence for more than five years have increased their numbers of employees. This is a very preliminary indication that the surviving businesses seem to have been thriving.

The next question asked respondents where their businesses were located. The original survey listed the first four areas, with a fifth locale designated as "other. Please specify" (Table 3.6). In an effort to obtain more specific business locations, "other" was eliminated. Four other locations were then identified from responses written on surveys. They were "business park," "warehouse business district," "downtown," and "home." These additional designations increased the number of possible business locations to eight (Table 3.6).

It is clear that many of the respondents had inner-city business locales (Table 3.5). Almost half of the respondents reported owning businesses in the inner city. The proportion of Daytona Beach businesses in the inner city is especially striking. In a city that depends very heavily on

tourism, there was not a single black business on the beach in 1994. It can be asserted that the money-making potential of these businesses is severely limited. And while Jacksonville business owners were more widely distributed than their counterparts to the south, their profit potential would be greater if they were a larger presence in areas such as the suburbs, business parks, and shopping malls.

Table 3.6 Location of Businesses

Location	Aggregate	Daytona Beach	Jacksonville
Inner city	49.0%	73.1%	40.8%
Central city			
business district	23.5%	23.1%	23.7%
Suburbs	19.6%	3.8%	25.0%
Rural area	2.9%	0.0%	3.9%
Business park	1.0%	0.0%	1.3%
Warehouse business			
district	1.0%	0.0%	1.4%
Downtown	2.0%	0.0%	2.6%
Home	1.0%	0.0%	1.3%
Totals	100.0%	100.0%	100.0%
	N=102	N=26	N=76

The next question asked the entrepreneurs to identify their primary clients or customers. On the original survey, six types were used, with a seventh designated as "other. Please specify." This seventh category was eliminated when processing the returned surveys. Two categories were added. They were "all of above clients or customers," and "some of combination of above clients or customers" (Table 3.7).

While 29 percent of the overall client base was in the inner city, half of the Daytona Beach client base fit this category (Table 3.7). The proportion of Jacksonville

customers residing in the inner city was only 21 percent. The two cities are more balanced in terms of customers who are other businesses or governmental units. The Jacksonville share of 18 percent is somewhat higher than the Daytona Beach figure of 11 percent (Table 3.7).

Table 3.7 Primary Client or Customer Base

Clients	Aggregate	Daytona Beach	Jacksonville
Inner city residents	28.7%	50.0%	21.3%
Suburban residents	13.9%	0.0%	18.7%
Rural residents	2.0%	0.0%	2.7%
Central city district businesses	4.0%	0.0%	5.3%
Suburban businesses	2.0%	3.8%	1.3%
Government (any level)	10.9%	7.7%	12.0%
All of above	8.9%	11.6%	8.0%
Some combination of above clients	29.7%	26.9%	30.7%
Totals	100.0%	100.0%	100.0%
	N=101	N=26	N=75

The next question asked the entrepreneurs to give self-assessments of their business success. This was a scale question, with "1" designated as "least successful," and "10" as being "most successful" (Table 3.8). The respondents were asked to base their level of success on comparisons with other black businesses of which they were aware.

Overall, the proportion of entrepreneurs who assessed their level of success at five or less was 16 percent (Table 3.8). The rest gave themselves scores of six or higher, with an overall mean of seven. Daytona Beach business owners had a mean score of 7.5, compared to 7.1 for Jackson-

ville. Not surprisingly, proportionally more (23 percent) of the Daytona Beach respondents reported the maximum score. By contrast, only eleven percent of the Jacksonville capitalists reported a score of ten (Table 3.8).

Table 3.8 Self-Assessments of Business Success

Success Level	Aggregate	Daytona Beach	Jacksonville
1 (least successful)	3.0%	3.8%	2.7%
2	2.1%	0.0%	2.8%
3	2.0%	0.0%	2.7%
4	2.0%	0.0%	2.8%
5	7.1%	11.6%	5.4%
6	13.1%	11.5%	13.7%
7	22.2%	19.3%	23.3%
8	23.2%	23.0%	23.3%
9	11.2%	7.7%	12.3%
10 (most successful)	14.1%	23.1%	11.0%
Totals	100.0%	100.0%	100.0%
	N=99	N=26	N=73

The next question asked the firm owners to list their approximate gross sales for 1993. The overall mean was \$416,297. It should be noted, however, that the mean is skewed upward. There are two possible reasons for this. First of all, thirty respondents refused to answer this question (twenty in Jacksonville, and ten in Daytona Beach). It is possible that their sales figures were lower than the reported mean. Secondly, six businesses reported sales of more than one million dollars. Two of these firms reported more than \$4 million. These six businesses were all in Jacksonville.

The median sales figures are lower but represent the midpoint in sales. For the entire sample, the median 1993

sales figure for these firms was \$132,500. This is more than twice the national 1992 sales figure of \$52,000 for a black enterprise (Mergenhagen, 1996). In fact, a black business from this sample in this study was closer to the \$193,000 sales amount for all U.S. firms (race notwithstanding). This suggests that the black enterprises in the Florida cities are much closer to achieving parity with general U.S. sales figures than are black firms nationally.

In addition to these firms which made tremendous amounts of money, it is clear that most of the very affluent businesses were in Jacksonville. A full 30 percent of black Jacksonville businesses reported sales of at least \$400,000 (Table 3.9). This was slightly less than the mean of \$488,846 for that city, but much more than the median sales level of \$150,000. The aggregate proportion of businesses that made at least this amount was 26 percent.

By contrast, only 12 percent of Daytona Beach businesses reported similar sales (Table 3.9). Further, no business in the latter city reported sales of \$600,000 or higher, while 21 percent of Jacksonville businesses did so (Table 3.9). Overall, the proportion of businesses reporting sales at this level was 17 percent. However, the median sales of \$100,000 is nearly twice the national sales level for black enterprises.

It is obvious that these survey respondents had high sales in 1993. Nationally, black entrepreneurs are more likely than most U.S. entrepreneurs to make less than \$25,000 annually (Mergenhausen, 1996).

Table 3.9 Approximate Gross Sales for 1993

Gross Sales	Aggregate	Daytona Beach	Jacksonville
Less than \$25,000	6.9%	6.3%	7.1%
\$25,000-\$49,999	13.9%	37.5%	7.2%
\$50,000-\$74,999	7.0%	0.0%	8.9%
\$75,000-\$99,999	11.1%	0.0%	14.3%
\$100,000-\$149,999	12.5%	18.7%	10.7%
\$150,000-\$199,999	5.5%	6.3%	5.4%
\$200,000-\$249,999	2.8%	0.0%	3.5%
\$250,000-\$299,999	7.0%	0.0%	9.0%
\$300,000-\$349,999	4.1%	12.5%	1.8%
\$350,000-\$399,999	2.8%	6.2%	1.7%
\$400,000-\$499,999	4.2%	6.3%	3.6%
\$500,000-\$599,999	5.5%	6.2%	5.4%
\$600,000-\$699,999	2.8%	0.0%	3.5%
\$700,000-\$799,999	2.8%	0.0%	3.6%
\$800,000 or more	11.1%	0.0%	14.3%
Totals	100.0%	100.0%	100.0%
	N=72	N=16	N=56

Significant city differences were found at the lower sales levels. The aggregate proportion of firms reporting sales of less than \$150,000 was 51 percent (Table 3.9). While 48 percent of Jacksonville businesses had sales of less than this amount, a full 62 percent of Daytona Beach businesses made less than \$150,000 in 1993 (Table 3.9). This is not surprising when one observes that the mean 1993 sales figure for this locality was \$162,325.

When sales figures of less than \$50,000 are examined, the differences between the two cities are even more

pronounced. Forty-four percent of Daytona Beach black businesses reported sales of less than \$50,000. By contrast, only fourteen percent of Jacksonville businesses had similar sales figures (Table 3.9). Twenty-one percent of the aggregate sample had the same sales reports.

The business owners were then asked to report their sales for 1988. This was done to determine if the respondents had increased their sales during the five-year period between 1988 and 1993. While 72 respondents gave sales figures for 1993 (Table 3.9), 49 black capitalists responded to this question (Table 3.10). The overall mean for 1988 gross sales was \$307,197. Since this is lower than the 1993 mean of \$416,297, it can be argued that the businesses which had been in existence for more than five years had increased their overall sales over that time period.

The median sales figures reflect less striking differences over time, although there is an increase. The 1989 median sales of \$113,000 increased to \$132,500 in 1994. Conversely, black firms nationwide lost revenue over five years (Mergenhagen, 1996). However, as in the 1993 case, there were nonrespondents. Only forty-nine black business owners answered this question. Even when one subtracts the 32 businesses which did not exist in 1988, thirty percent of the firm owners did not respond to this question. It is possible that the nonrespondents had sales figures that were lower than the mean or the median.

The aggregate mean could be skewed upward because of unusually high sales figures for several businesses. Five Jacksonville firms reported sales of at least \$700,000. In fact, one business made \$2.8 million, while another grossed slightly more than \$3 million in 1988.

Similar to the 1993 sales patterns (Table 3.10), most of the affluent businesses were in Jacksonville in 1988. Twenty-three percent of Jacksonville businesses (compared to 30 percent in 1993) made at least \$400,000 (Table 3.10), which was slightly more than the city mean of \$373,604. This was nearly three times the median of \$150,000, which did not increase by 1993. While the proportion of aggregate businesses reporting sales of at least \$400,000 was 20 percent (less than the 1993 figure of 26 percent), only eight percent of Daytona Beach businesses (less than 12 percent for 1993) grossed this or higher amounts (Table 3.10).

As in 1993, no Daytona Beach business reported gross sales of \$600,000 or more in 1988 (Table 3.10). By contrast, seventeen percent of Jacksonville businesses reported sales of at least this amount for 1988 (Table 3.10). The aggregate proportion of respondents with sales at this level or higher was twelve percent (Table 3.10).

Table 3.10 Approximate Gross Sales for 1988

Gross Sales	Aggregate	Daytona Beach	Jacksonville
Less than \$25,000	14.3%	7.7%	16.7%
\$25,000-\$49,999	12.2%	30.8%	5.5%
\$50,000-\$74,999	14.3%	15.3%	13.9%
\$75,000-\$99,999	6.1%	7.7%	5.6%
\$100,000-\$149,999	4.1%	0.0%	5.5%
\$150,000-\$199,999	12.3%	7.7%	13.9%
\$200,000-\$249,999	4.0%	15.4%	0.0%
\$250,000-\$299,999	4.1%	0.0%	5.6%
\$300,000-\$349,999	6.2%	7.7%	5.5%
\$350,000-\$399,999	2.0%	0.0%	2.8%
\$400,000-\$499,999	4.1%	7.7%	2.8%
\$500,000-\$599,999	4.1%	0.0%	5.5%
\$600,000-\$699,999	2.0%	0.0%	2.8%
\$700,000-\$799,999	4.1%	0.0%	5.6%
\$800,000 or more	6.1%	0.0%	8.3%
Totals	100.0%	100.0%	100.0%
	N=49	N=13	N=36

As was the case in 1993, there were some differences among cities at the lower sales levels. While 51 percent of the aggregate sample made less than \$150,000 in 1988, 61 percent of Daytona Beach firms grossed less than this amount (Table 3.10). In fact, the mean for that city was \$123,300. Forty-seven percent of Jacksonville establishments earned less than the median of \$150,000 (Table 3.10).

The disparities are more pronounced when one examines businesses with gross revenues of less than \$50,000 for 1988. The Jacksonville share of 22 percent is slightly lower than the aggregate proportion of 26 percent (Table 3.10). However, no less than 38 percent of Daytona Beach businesses had sales of less than \$50,000 (Table 3.10).

This should not be surprising when one realizes that the 1988 median sales for the New South city were \$55,000.

And while Jacksonville median sales held steady at \$150,000 over five years, Daytona Beach saw its median sales almost double (\$100,000) from 1988 to 1993. Interestingly, the proportion Daytona Beach businesses making less than \$50,000 increased over the five-year period. Jacksonville had a decrease in businesses with these incomes over the five years (Table 3.9 and Table 3.10).

The capitalists were then asked whether or not they had ever gone out of business, even for a short time. Unlike some of the previous economic indicators, there were virtually no differences between the businesses in the two cities. The vast majority had not had to close their doors (Table 3.11).

Table 3.11 Past Bankruptcy of Business Owner

Bankruptcy	Aggregate	Daytona Beach	Jacksonville
Yes	12.2%	12.5%	12.2%
No	87.8%	87.5%	87.8%
Totals	100.0%	100.0%	100.0%
	N=98	N=24	N=74

The next question addressed past business crises. While Table 3.11 shows that most had not gone bankrupt, it is interesting to note that almost half the respondents had come close to losing their businesses (3.12). One business owner said that this happens "every year. It's always a grind" (Entrepreneur 66, December 16, 1994). As in the responses to the bankruptcy question, there was virtually no

difference between the reports from Daytona Beach and Jacksonville (Table 3.12).

Table 3.12 Past Crisis of Business Owner

Crisis	Aggregate	Daytona Beach	Jacksonville
Yes	43.9%	44.0%	43.8%
No	56.1%	56.0%	56.2%
Totals	100.0%	100.0%	100.0%
	N=98	N=25	N=73

The final question in this section of the survey polled the respondents on the proportion of their current employees who were black. Over seventy percent of those responding indicated that they had work forces comprised entirely of blacks (3.13).

Table 3.13 Percentage of Current Black Workers

Percent Current Black Workers	Aggregate	Daytona Beach	Jacksonville
less than 40%	5.5%	8.3%	4.5%
40-59%	6.6%	0.0%	8.9%
60-79%	5.5%	12.5%	3.0%
80-99%	8.8%	8.4%	9.0%
100%	73.6%	70.8%	74.6%
Totals	100.0%	100.0%	100.0%
	N=91	N=24	N=67

There was virtually no difference between the localities in terms of businesses with large majorities of black workers. The overall mean percentage of 90.1 percent was nearly identical to the means for Daytona Beach and Jacksonville (90.04 and 90.1, respectively). The median percentages were 100 percent for all three samples. Bates posits that black firms hire heavily black workforces, much like

white firms employ same-race employees (1993b). Therefore, while the median may be higher than one might expect, the general hiring patterns are not surprising.

Conditions Affecting Financing

The next section of the survey addressed conditions that may have affected the financing of the businesses. The first question asked the capitalists to assess the level of difficulty experienced in obtaining loans from white banks or lending institutions.

Most of the respondents indicated that they felt it was more difficult for black business owners to obtain business loans. This was particularly true of respondents from Daytona Beach. Sixty-nine percent of the entrepreneurs indicated that it was either "very difficult" or "somewhat difficult" to obtain business loans (Table 3.14). One entrepreneur from that city told the author that he "never got one. I quit trying eight years ago" (Entrepreneur 47, December 12, 1994). The aggregate and Jacksonville majorities were less (61 and 59 percent, respectively) than that in the resort city (Table 3.14).

Comparatively fewer Daytona Beach respondents indicated that they felt it was easy to obtain a loan. Nineteen percent agreed that it was "very easy" or "somewhat easy" to get a loan (Table 3.14). On the other hand, 24 percent of

the aggregate sample, and 25 percent of the Jacksonville respondents asserted that it was easy to secure funds from white lending institutions (Table 3.14).

Table 3.14 Overall Ease or Difficulty in Obtaining Loans

Ease or Difficulty	Aggregate	Daytona Beach	Jacksonville
Very easy	4.0%	7.7%	2.7%
Somewhat easy	19.8%	11.5%	22.6%
Somewhat difficult	18.8%	19.3%	18.7%
Very Difficult	42.5%	50.0%	40.0%
Don't Know*	14.9%	11.5%	16.0%
Totals	100.0%	100.0%	100.0%

N=101

N=26

N=75

*Although "Don't know" was included in the several of the frequency distributions reported in this chapter, it will be considered a non-response in future analyses in this project.

The next question asked if the entrepreneurs felt that racism was a factor in determining whether they received loans. The overwhelming majority asserted that it was more difficult for black business owners to obtain loans (Table 3.14). Over 90 percent of the respondents (aggregate, and in each city) answered in this fashion (Table 3.14). Alternately, there was not a single respondent who thought it was easier for a black business owner to obtain a loan.

A small proportion of respondents indicated that race played no role in whether they received a loan. Two percent of the aggregate sample evinced agreement with this answer selection, while 8 percent of Daytona Beach respondents agreed (Table 3.15). None of the Jacksonville entrepreneurs felt that race had no role (Table 3.15).

Table 3.15 The Relative Ease or Difficulty of Blacks in Obtaining Loans

Ease or Difficulty for Blacks	Aggregate	Daytona Beach	Jacksonville
Much harder	55.4%	61.5%	53.3%
Somewhat harder	35.7%	30.8%	37.4%
Race has no role	2.0%	7.7%	0.0%
Somewhat easier	0.0%	0.0%	0.0%
Much easier	0.0%	0.0%	0.0%
Don't know	6.9%	0.0%	9.3%
Totals	100.0%	100.0%	100.0%
	N=101	N=26	N=75

The following item asked the firm owners if they felt that the race of the people in the area around their business affected the size of the business loans they did receive. Most felt that black business owners in black neighborhoods received smaller loans than those in white neighborhoods, with the proportion from Daytona Beach slightly higher than those of the aggregate or of Jacksonville (Table 3.16). This is consistent with a finding by Bates (1993b) that, nationally, black business owners in majority black neighborhoods indeed receive smaller loans than their counterparts in non-black areas.

The final question in this section asked the respondents to name the primary source of their original business financing. This is relevant to the concern Bates has with what he posits is the under-financing of black businesses nationwide (Bates, 1993b).

Table 3.16 Black Neighborhood as Factor in Size of Loans

Relative Size of Loans	Aggregate	Daytona Beach	Jacksonville
Much smaller	38.4%	56.0%	32.4%
Somewhat smaller	20.2%	8.0%	24.4%
Race has no role	15.1%	20.0%	13.5%
Somewhat larger	1.0%	0.0%	1.3%
Much larger	0.0%	0.0%	0.0%
Don't know	25.3%	16.0%	28.4%
Totals	100.0%	100.0%	100.0%
	N=99	N=25	N=74

The original survey question had the first three answer selections shown in Table 3.17, as well as a fourth designated as "other. Please specify." This selection was deleted in an attempt to obtain more precise answers to the question. The final four categories in Table 3.17 were created from answers by respondents. "Family money" was included because some respondents indicated that their families had helped in the financing of their businesses. However, all those indicating family help were also funded by other sources. They were reported among those indicating "some combination (Table 3.17)."

Most respondents cited personal resources as the primary means for the initial financing of their businesses (Table 3.17). This majority is greater in Jacksonville (76 percent) than in Daytona Beach (54 percent) (Table 3.17).

Table 3.17 Original Financing of Business

Method of financing	Aggregate	Daytona Beach	Jacksonville
Personal resources	70.6%	53.8%	76.3%
Bank loans	15.7%	23.1%	13.2%
Government agency	1.9%	3.9%	1.3%
Family money	0.0%	0.0%	0.0%
Finance company	1.0%	3.8%	0.0%
Some combination	10.8%	15.4%	9.2%
All of above	0.0%	0.0%	0.0%
Totals	100.0%	100.0%	100.0%
	N=102	N=26	N=76

These patterns are very important. Bates (1993b) asserts that the most important reason young black firms are less successful (in terms of size and survival) than their white counterparts is the fact that they are financed at lower levels. In addition, black businesses with bank loans have overall initial investments that are nearly five times as large as those who do not receive bank loans (Bates, 1993b).

Banks lend less money to black entrepreneurs. Bates has found that for every dollar of equity (including non-cash assets such as equipment and tools) that a black business has to invest, a bank will provide \$1.16 (Bates, 1993b). A white male entrepreneur typically receives \$1.83, even, when all other factors between him and a black business owner are equal (Bates, 1993b).

The implications for the business owners in this sample are not good in this respect. Most of them listed personal resources as the primary method of the original financing of their businesses (Table 3.16). Additionally, only 11 per-

cent listed some combination of resources (which could conceivably have included bank loans) as the primary mode of financing their enterprises (Table 3.17). These factors could adversely affect their survival and future success.

Role of Local Officials in Black Business Development

The third section of the questionnaire is perhaps the most important. It examined respondent beliefs about the role of elected or appointed public officials in black business development. The first question asked whether or not there were local black officials (elected or appointed) in the cities of the respondents. This question was designed to begin the process of determining whether the respondents see a difference from having blacks in local public office.

Table 3.18 Presence of Blacks in Local Office

Black Officials	Aggregate	Daytona Beach	Jacksonville
No	1.0%	3.8%	0.0%
Yes	98.0%	96.2%	98.6%
Don't know	1.0%	0.0%	1.4%
Totals	100.0%	100.0%	100.0%
	N=100	N=26	N=74

Virtually every respondent indicated that there were local black public officials in their cities. There was very little difference among the aggregate sample, Daytona respondents, or the black business owners in Jacksonville (Table 3.18).

The capitalists were also asked to assess the overall business help given to them by local black officials. Most of the respondents indicated that no help had been given to their businesses (Table 3.19). While the 63 percent figure by Jacksonville respondents is slightly below the aggregate proportion of 68 percent, 81 percent of Daytona Beach respondents indicated that black officials had done nothing for them (Table 3.19).

Table 3.19 Overall Help By Black Officials

Level of help	Aggregate	Daytona Beach	Jacksonville
None	68.0%	80.8%	63.5%
Some	28.0%	19.2%	31.1%
A lot	4.0%	0.0%	5.4%
Totals	100.0%	100.0%	100.0%
	N=100	N=26	N=74

Those who indicated that at least some help was given were asked to list the most important way in which this occurred. There are some interesting differences between answers from the two cities. While one (50 percent) of the two respondents from Daytona Beach lauded the black officials for reducing crime in the area near her/his business, none of the Jacksonville respondents cited this type of assistance (Table 3.20). The other Daytona Beach respondent praised black officials for fighting racism (specifically, biased treatment by local white officials), while 21 percent of the Jacksonville entrepreneurs made this claim (Table 3.20).

Table 3.20 Most Important Help by Black Officials

Methods of Help	Aggregate	Daytona Beach	Jacksonville
Referring clients	12.5%	0.0%	14.3%
Agency reference	18.8%	0.0%	21.4%
Workshops	18.7%	0.0%	21.4%
Crime reduction	6.3%	50.0%	0.0%
Set-asides	18.7%	0.0%	21.5%
Fighting racism	25.0%	50.0%	21.4%
Totals	100.0%	100.0%	100.0%
	N=16	N=2	N=14

Twenty-one percent of the Jacksonville business owners also credited local black officials for sponsoring workshops on business survival and/or growth (Table 3.20). No businessperson from Daytona Beach made a similar claim. Other areas of assistance credited by Jacksonville respondents, but not by their Daytona Beach counterparts, were client or customer referral, referral of the owner to an agency, and the promotion of set-aside type programs (Table 3.20).

The firm owners were asked to assess the effectiveness of local black officeholders in reducing black business failure rates in the area. This was an attempt to assess whether black public servants were seen as having helped business development overall. Helping reduce black business failure rates is one of the most basic ways of doing this.- The businesses did not have to include the business of the respondent. By framing the question in this manner, the author was attempting to include among the respondents those whose businesses may not have been affected personally, but

who might have known of other black enterprises which had been saved from bankruptcy.

Bates and Williams (1993) found that cities with black mayors had black businesses that had, among other benefits, lower failure rates. Additionally, Browning, Marshall, and Tabb (1990) reported that there was some evidence that minority capitalists in cities with black and/or Latino public officials (not just mayors) benefited in several ways, including more city contracts. This question directly sought entrepreneurial views in regard to the work of Bates and Williams (and somewhat tangentially, to the work of Browning, Marshall, and Tabb).

Table 3.21 Black Official Attempts to Reduce Black Business Failure Rates

Actions Taken	Aggregate	Daytona Beach	Jacksonville
A lot	1.1%	0.0%	1.3%
Some	32.3%	17.4%	37.0%
None	65.6%	82.6%	60.3%
Don't know	1.0%	0.0%	1.4%
Totals	100.0%	100.0%	100.0%
	N=96	N=23	N=73

Most respondents asserted that black officials had done nothing to reduce area black business failure rates (Table 3.21). As was the case with overall help by black officials (Table 3.19), Daytona Beach owners were more emphatic with their agreement on this issue (Table 3.21). The Jacksonville share of 60 percent is slightly less than the aggregate proportion of 66 percent. On the other hand, 83

percent of Daytona Beach entrepreneurs indicated that nothing had been done by black officials (Table 3.21).

Those who asserted that at least some help had been rendered were asked to list the important way in which black business failure rates had been addressed. As in the response pattern for the issue of the most important modes of black official assistance (Table 3.20), capitalists in the two cities had different perceptions of the types of actions taken by local black officials.

One of the two Daytona Beach respondents cited client referral and public stances in support of black businesses (Table 3.22). By contrast, only nine and 18 percent, respectively, of Jacksonville business owners agreed (Table 3.22).

Table 3.22 Most Important Black Official Action to Reduce Black Business Failure Rates

Types of Action	Aggregate	Daytona Beach	Jacksonville
Set-asides	23.1%	0.0%	27.3%
Workshops	7.7%	0.0%	9.1%
Maintaining programs	30.7%	0.0%	36.3%
Referring clients	15.4%	50.0%	9.1%
Public support	23.1%	50.0%	18.2%
Totals	100.0%	100.0%	100.0%
	N=13	N=2	N=11

Jacksonville entrepreneurs also cited several types of local black official action not mentioned by Daytona Beach capitalists. The promotion of set-aside programs and workshop sponsorship were referred to by a total of 36 percent of those reporting from the Old South city (Table 3.22).

Likewise, slightly more than 36 percent of black Jacksonville capitalists asserted that black officials had maintained programs that supported black businesses (Table 3.22).

Perceptions of the effectiveness of local white officeholders were then addressed. The first question in this regard asked the respondents to assess the overall business help to them by local white officials.

Most of the black capitalists posited that nothing had been done to help their businesses. Sixty-seven percent of the aggregate sample indicated that no white officials had been of assistance (Table 3.23). Sixty percent of the Daytona Beach respondents asserted that no help had been given. Conversely, seventy percent of the Jacksonville respondents indicated that no help had been given (Table 3.23).

Table 3.23 Overall Help by White Officials

Level of help	Aggregate	Daytona Beach	Jacksonville
None	67.7%	60.0%	70.3%
Some	27.2%	32.0%	25.6%
A lot	5.1%	8.0%	4.1%
Totals	100.0%	100.0%	100.0%
	N=99	N=25	N=74

Interestingly, respondents in Daytona Beach appear to have seen local white officials as more helpful than their African-American counterparts. While only 19 percent of the entrepreneurs cited overall black help (Table 3.19), forty percent indicated that they had received at least some

assistance from white officials (Table 3.23). It should be pointed out that the cities had different numbers of public black and white officials. Daytona Beach had two black city commissions, on a panel of seven (Daytona Beach Official Two). Jacksonville had seven black city council members on a panel of nineteen. Additionally, the city council president during a crucial period for a set-aside ordinance was a black American (Saunders, 1992).

It should be pointed out, however, that most of the Daytona Beach respondents indicating at least some help had been given did not assert that a great deal of assistance had been rendered (Table 3.23). One capitalist who acknowledged that white officials had established an advisory board (see Table 3.24) qualified this help. This board was "limited and leaves us in the same condition" (Entrepreneur 24, December 13, 1994).

The firm owners indicating that at least some assistance had been given were asked to list the most important way in which white officials had helped them. As was the case when asked about the modes of overall black assistance (Table 3.19), the respondents in the two municipalities stressed different types of white official help (Table 3.24).

Sixty percent of Daytona Beach entrepreneurs cited advice or encouragement, compared to only 17 percent for their Old South colleagues (Table 3.24). Black capitalists

from Daytona Beach were also more than twice as likely to say that white officials had promoted set-aside programs (Table 3.24).

Table 3.24 Most Important Help by White Officials

Methods of Help	Aggregate	Daytona Beach	Jacksonville
Referring clients	29.4%	0.0%	41.7%
Set-asides	11.8%	20.0%	8.3%
Contract inclusion	5.9%	0.0%	8.3%
Start-up/expansion help	17.6%	20.0%	16.7%
Advice	29.4%	60.0%	16.7%
Board appointment	5.9%	0.0%	8.3%
Totals	100.0%	100.0%	100.0%
	N=17	N=5	N=12

Conversely, Jacksonville respondents listed three areas of assistance not covered at all by those in Daytona Beach. They were: referring clients or customers, inclusion on a package for a government contract, and appointment to a board which could affect the business of the owner (Table 3.24).

One area of help showed relative parity among cities. A business owner in Daytona Beach (20 percent of the respondents from the city) posited that his/her assistance from white officials came in the form of start-up and/or expansion help (Table 3.24). Likewise, seventeen percent of the Jacksonville capitalists indicated that they had received this type of assistance (Table 3.2). In each of these cases, the officials had helped the business owner obtain money or property.

The next survey item asked the respondents to assess the effectiveness of local white officeholders in reducing black business failure rates in the area. Like its counterpart regarding black officials (see Table 3.21), this question did not necessarily refer to the business of the respondent.

Most business owners indicated that nothing had been done to reduce the black business failure rate. The least confident entrepreneurs in this regard were from Daytona Beach. One of its capitalists said that "they've worked to heighten it" (Entrepreneur 12, December 13, 1994). Another asserted that "some are happy to see a black business fail" (Entrepreneur 73, December 9, 1994). While the percentages of the aggregate sample and the Jacksonville respondents were roughly equal (71 and 66 percent, respectively), 87 percent of the Daytona Beach capitalists cited white officials for failing to act (Table 3.25).

Table 3.25 White Official Attempts to Reduce Black Business Failure Rates

Actions taken	Aggregate	Daytona Beach	Jacksonville
A lot	3.2%	0.0%	4.1%
Some	25.0%	13.0%	28.7%
None	70.8%	87.0%	65.8%
Don't know	1.0%	0.0	1.4%
Totals	100.0%	100.0%	100.0%
	N=96	N=23	N=73

Those indicating that at least some help had been given were asked to list the most important action white officials had undertaken to reduce area black business failure rates.

Once again, the perceptions varied by the location of those surveyed. Both Daytona Beach respondents (100 percent) indicated that advice or encouragement had been rendered to area black entrepreneurs (Table 3.26). Only 17 percent of Jacksonville entrepreneurs made similar statements (Table 3.26). No Daytona Beach business owner cited any of the other types action listed by those in Jacksonville (Table 3.26).

Table 3.26 Most Important White Official Action Taken to Reduce Black Business Failure Rates

Types of action	Aggregate	Daytona Beach	Jacksonville
Workshops	7.1%	0.0%	8.3%
Contract inclusion	14.3%	0.0%	16.7%
Advice	28.6%	100.0%	16.7%
Patronage	21.4%	0.0%	25.0%
Set asides	21.5%	0.0%	25.0%
Helping to get loan	7.1%	0.0%	8.3%
Totals	100.0%	100.0%	100.0%
	N=14	N=2	N=12

The local racial climate was then addressed. The business owners were asked to rate the relations between blacks and whites in the area. No one asserted that race relations were "excellent" (Table 3.27). However, some indicated that relations were good. Overall, 18 percent selected this designation, with 21 percent of the Daytona Beach respondents and 18 percent of the Jacksonville respondents agreeing (Table 3.27). While roughly half the respondents in all categories indicated good relations existed, proportionally more Jacksonville business owners judged race relations to be poor (Table 3.27).

Table 3.27 State of Relations Between Area Blacks and Whites

Relations	Aggregate	Daytona Beach	Jacksonville
Excellent	0.0%	0.0%	0.0%
Good	18.4%	20.8%	17.6%
Fair	51.0%	54.2%	50.0%
Poor	30.6%	25.0%	32.4%
Totals	100.0%	100.0%	100.0%
	N=98	N=24	N=74

The respondents were asked to assess the level of inclusion by local officials (race notwithstanding) of the black inner city in overall business development programs. Unlike the other items in this survey, only a minority of respondents asserted that nothing had been done by officials. However, a significant proportion also evinced a lack of knowledge on the issue (Table 3.28).

Table 3.28 Official Inclusion of Inner City in Overall Development Programs

Inclusion Efforts	Aggregate	Daytona Beach	Jacksonville
A lot	5.0%	11.5%	2.7%
Some	35.0%	34.7%	35.1%
None	26.0%	30.7%	24.4%
Don't know	34.0%	23.1%	37.8%
Totals	100.0%	100.0%	100.0%
	N=100	N=26	N=74

More than a third of the respondents in all categories indicated that some actions had been made to include the inner city (Table 3.28). In a departure from previous response patterns, more Daytona Beach entrepreneurs (11 percent) asserted that "a lot" had been done to ensure inner city inclusion in overall development programs (Table 3.28).

By contrast, only 3 percent of Jacksonville respondents and 5 percent of the aggregate sample agreed (Table 3.28).

Those indicating that some official action had been taken were asked to list the most important way in which this occurred. The official efforts were seen as occurring in four main areas (Table 3.29).

Table 3.29 Most Important Official Action Taken to Include Inner City in Overall Development Programs

Types of Action	Aggregate	Daytona Beach	Jacksonville
Future planning	35.3%	71.4%	10.0%
Funding agency	23.5%	14.3%	30.0%
Supporting activities	23.6%	14.3%	30.0%
Set-asides	17.6%	0.0%	30.0%
Totals	100.0%	100.0%	100.0%
	N=17	N=7	N=10

The pattern of local differences in perceptions of official action (see Tables 3.20, 3.22, 3.24, and 3.26) continued in this milieu. Daytona Beach respondents were more than seven times as likely to posit that local officials helped in terms of future planning for the inner city (Table 3.29).

The inter-municipal disparities are not as stark in terms of the remaining types inclusion. However, Jacksonville respondents were consistently more likely to assert that specific inclusion efforts had been made (Table 3.29). Further, no entrepreneur from Daytona Beach cited support of set-aside programs as an official action (Table 3.29),

continuing a pattern seen throughout most of this section (see Tables 3.20, 3.22, and 3.26).

The Role of Government Agencies

The survey next addressed attitudes toward the role of governmental agencies in black business development. The first question asked the respondents to assess the level of overall assistance to their businesses by government agencies. Most did not see these agencies as helpful (Table 3.30).

Overall, 59 percent of the businesspersons indicated that they had received no business assistance (Table 3.30). While Jacksonville respondents roughly reflected the aggregate sample in this regard (54 percent), seventy-three percent of the Daytona Beach business owners indicated that no agency had helped them (Table 3.30). This inter-local disparity marks the continuance of a pattern (see Tables 3.19, 3.21, 3.25, and 3.28) in which Daytona Beach respondents were more likely to indicate that no action had been taken on behalf of black businesses.

Table 3.30 Help Given by Government Agencies

Level of Help	Aggregate	Daytona Beach	Jacksonville
A lot	14.0%	3.8%	17.6%
Some	27.0%	23.1%	28.3%
None	59.0%	73.1%	54.1%
Totals	100.0%	100.0%	100.0%
	N=100	N=26	N=74

The owners indicating that at least some assistance had been proffered were asked to list the most important way in this help was given. Differences between the cities were apparent (Table 3.31).

Table 3.31 Most Important Help by Government Agencies

Methods of Help	Aggregate	Daytona Beach	Jacksonville
Loan Packaging	3.6%	20.0%	0.0%
Workshops	7.1%	0.0%	8.7%
Getting loans	10.7%	0.0%	13.0%
Obtaining contracts	71.5%	40.0%	78.3%
Crime reduction	3.5%	20.0%	0.0%
Helping inner city	3.6%	20.0%	0.0%
Totals	100.0%	100.0%	100.0%
	N=28	N=5	N=23

Daytona Beach business owners were more likely to list such modes of agency assistance as showing them how to do loan packaging, reduction of area crime, and helping the inner city to strengthen economically (Table 3.31). Jacksonville respondents were more likely to list workshops on financial management, the obtaining of loans (low interest, and at a fixed rate) and assisting in the procurement of government contracts (Table 3.31). While respondents in both cities listed obtaining contracts more than any other mode of assistance, only 40 percent of Daytona Beach entrepreneurs made this indication, compared to 78 percent in Jacksonville (Table 3.31).

The last question in this section asked the respondents which agencies in their areas that they felt should do more to help black businesses. The original questionnaire listed

the first five answer designations seen in Table 3.32. The term "combination" was added to account for those who indicated more than one agency, but who did not select "all."

Table 3.32 Types of Agencies That Could do More for Black Businesses

Agencies	Aggregate	Daytona Beach	Jacksonville
Federal	1.0%	0.0%	1.4%
State	6.1%	0.0%	8.2%
Local	10.1%	11.5%	9.6%
All	75.7%	88.5%	71.2%
None	5.1%	0.0%	6.9%
Combination	2.0%	0.0%	2.7
Total	100.0%	100.0%	100.0%
	N=99	N=26	N=73

Most respondents indicated that all agencies could do more to help black businesses (Table 3.32). However, more Daytona Beach capitalists selected this answer (88 percent) than either their Jacksonville counterparts (71 percent) or the aggregate sample (76 percent) (Table 3.31). The next most often selected answer choice was "local," with a slightly higher proportion for Daytona Beach (Table 3.32). These findings, particularly, the large proportions indicating "all," should not prove surprising. Most respondents in both cities had previously indicated that no agency had helped their businesses (Table 3.30).

Attitudes Toward Minority Set-Asides

The next section assessed attitudes regarding set-aside programs for minority businesses. This is relevant since set-aside programs have come under attack from the courts

and from politicians. The Croson (1989) United States Supreme Court decision signalled an increased challenge to such programs (among others, Bates, 1993b). The term "set-aside" has become so politically charged that officials in Daytona Beach and Jacksonville told the author that they no longer use the term (Jacksonville Official, June 1994; Daytona Beach Official, December 1994).

The first question asked whether the respondents felt that these programs were necessary. There was very strong support for these programs (Table 3.33) in the cities. The support for these programs was strongest in Daytona Beach, with no black entrepreneurs in opposition (Table 3.33). By contrast, twelve percent of the Jacksonville sample opposed set-asides (Table 3.33).

Table 3.33 Attitudes Toward Necessity for Set-Aside Programs

Need for Set-Asides	Aggregate	Daytona Beach	Jacksonville
No	8.9%	0.0%	12.0%
Yes	81.1%	96.2%	85.3%
Don't know	3.0%	3.8%	2.7%
Totals	100.0%	100.0%	100.0%
	N=101	N=26	N=75

The capitalists were asked whether their businesses had participated in a minority set-aside program in the past five years. Those who had done so were asked to complete the next section, which pertained exclusively to them. Non-participants were asked to go to the concluding section of the questionnaire.

Table 3.34 Participation in Set-Asides During
Past Five Years

Use of Set-Asides	Aggregate	Daytona Beach	Jacksonville
No	80.2%	92.0%	76.3%
Yes	19.8%	8.0%	23.7%
Totals	100.0%	100.0%	100.0%
	N=101	N=25	N=76

The overwhelming majority of respondents had not been involved in set-aside programs (Table 3.34). There was, however, a disparity among the cities in the proportions of participants. While only 8 percent of the Daytona Beach businesses had participated, 24 percent of the those in Jacksonville had done so (Table 3.34).

Attitudes of Set-Aside Participants

With only twenty participants in set-aside programs, the percentages of respondents selecting specific answers were affected by one or two business owners. This was particularly the case when there were non-responses to questions among that group.

Respondents were queried concerning the size of the contract (or contracts) their business had been awarded over the past five years. While the mean was \$198,871, this was skewed upward by the fact three very large contracts (\$500 thousand, 592,000, and \$1 million) were awarded. The median amount was \$75,000. All were in Jacksonville. Perhaps this is why the Jacksonville mean was \$229,750. However, it should be remembered that the median amount of a set-

aside contract in Jacksonville was \$100,000. Contracts of at least \$500,000 comprised 25 percent of the Jacksonville contracts and 21 percent of the aggregate contracts awarded (Table 3.35).

Table 3.35 Size of Set-Aside Contract Awarded in
Past Five Years

Dollar Amount of Contract	Aggregate	Daytona Beach	Jacksonville
\$25,000 or less	21.4%	50.0%	16.7%
\$25,001-\$49,999	21.5%	50.0%	16.6%
\$50,000-\$99,999	7.1%	0.0%	8.4%
\$100,000-\$199,999	21.4%	0.0%	25.0%
\$200,000-\$499,999	7.2%	0.0%	8.3%
\$500,000 or more	21.4%	0.0%	25.0%
Totals	100.0%	100.0%	100.0%
	N=14	N=2	N=12

In addition to all the contracts of at least \$500,000 going to Jacksonville businesses, all contracts worth at least \$50,000 but smaller than \$500,000 were awarded to firms in the Old South city (Table 3.35). In fact, these contracts made up 42 percent of the contracts for the Jacksonville businesses (Table 3.35).

By contrast, both the Daytona Beach contracts (100 percent) were for less than \$50,000. Only 33 percent of the Jacksonville contracts were awarded were for less than this amount (Table 3.35). The mean and median for those contracts were both only \$13,600, which is only six percent of the mean amount (\$229,750) for set-asides awarded to black entrepreneurs in Jacksonville.

The amount of time needed to complete the forms needed for certification as a minority ready to participate in a set-aside program was also addressed. The time was measured in person-hours. The aggregate mean time needed was 82 person-hours. This mean was skewed upward by two participants who needed 120 hours to complete the certification forms, and by another who needed 980. The aggregate median is ten person-hours. For Jacksonville, this figure is also ten hours, while it is 31 hours in Daytona Beach. Only two capitalists from the latter city responded to this question. The great disparity in those responses account for the mean and median.

Table 3.36 Time Needed to Complete Certification Forms

Person-hours	Aggregate	Daytona Beach	Jacksonville
Fewer than 10	41.2%	50.0%	40.0%
10-19	29.4%	0.0%	33.3%
20-59	5.9%	0.0%	6.7%
60 or more	23.5%	50.0%	20.0%
Totals	100.0%	100.0%	100.0%
	N=17	N=2	N=15

Most of the respondents (71 percent of the aggregate sample) required less than twenty person-hours to become complete the forms (Table 3.36). Seventy-three percent of the Jacksonville business owners required less than 20 hours, while one Daytona Beach respondent (50 percent) used a similar amount of time (Table 3.36). In fact, the participant from the latter city worked less than ten hours, while 40 percent of those from Jacksonville did so (Table 3.36).

The mean time needed in Jacksonville was 90 hours, compared to 31 for Daytona Beach.

The respondents were then asked whether they had needed professional help in completing the certification form(s). All twenty respondents to this item indicated that they had not hired any professionals.

The next item requested that the set-aside participants list the dollar amount that they had paid for professional assistance. Since none of these business owners indicated that they had hired professionals in the first place, it is not surprising that no one answered this question.

The business owners were asked to assess the level of difficulty in becoming certified as a result of the requirements of the certification process. Most of the set-aside participants indicated that it had been difficult to become certified. However, this majority was only 60 percent (Table 3.37). While 61 percent of the Jacksonville respondents were in this group, only 50 percent of the Daytona Beach participants answered in a similar fashion (Table 3.37).

The issue of fairness in the awarding of contracts was addressed next. Bates (1993a, 1993b) has argued that black Americans are effectively shut out of the process by, among other factors, lax agency enforcement of program regulations. This lax enforcement, Bates (1993a) has argued,

makes it possible for nonminority firms to benefit from the set-aside program.

Table 3.37 Role of Certification Requirements in Ease or Difficulty in Becoming Certified

Certification Ease or Difficulty	Aggregate	Daytona Beach	Jacksonville
Very Difficult	15.0%	50.0%	11.1%
Somewhat Difficult	45.0%	0.0%	50.0%
Somewhat easy	25.0%	50.0%	22.2%
Very easy	15.0%	0.0%	16.7%
Totals	100.0%	100.0%	100.0%
	N=20	N=2	N=18

The participants in this work were asked to assess the level of agency effort in ensuring that black firms were treated fairly. The participant from the New South city (100 percent) indicated that the relevant agency had done nothing to assure fairness (Table 3.38). Only 17 percent of the Jacksonville respondents indicated this, which was slightly less than the aggregate figure of 21 percent (Table 3.38).

Table 3.38 Agency Assurances of Fairness in Awarding of Contracts

Agency Efforts	Aggregate	Daytona Beach	Jacksonville
A lot	36.8%	0.0%	38.9%
Some	42.1%	0.0%	44.4%
None	21.1%	100.0%	16.7%
Totals	100.0%	100.0%	100.0%
	N=19	N=1	N=18

Most participants indicated that the relevant agency had taken at least some action to assure fairness in awarding contracts. Thirty-nine percent of the Jacksonville

respondents asserted that "a lot" had been done (Table 3.38).

Those indicating that at least some agency initiatives had been undertaken to assure fairness were asked to list the most important action taken by the agency. Since the Daytona Beach program participant had previously indicated that nothing had been done in this regard (see Table 3.38), there are no responses from Daytona Beach.

Three of the six of the respondents indicated that the agency enforced the rules for the process. One program participant each cited help with the application procedures, agency followup, and the inclusion of blacks on bids.

The fact that the most often-cited measure of agency fairness was enforcement could be seen as support for the vital role that Bates (1993a and 1993b) has accorded it in the set-aside process.

The final question in this section asked the participants to assess their level of satisfaction with the set-asides. They were asked to indicate this with a scale that designated 1 as being "least satisfied," and 10 as "most satisfied" with the last program in which they took part.

Most respondents were satisfied with their set-aside programs. The overall mean was five (slightly less than the Jacksonville mean of six), which was also the highest score given by either of the two Daytona Beach respondents (see

Table 3.39 for Daytona Beach). The proportion of overall responses of five or higher was 63 percent. Sixty-five percent of the Jacksonville participants recorded this level of satisfaction, while one Daytona Beach respondent (50 percent) did so (Table 3.39). No questionnaire respondent listed a satisfaction level of higher than eight (Table 3.39). Twenty-three percent of the Jacksonville respondents, and 21 percent of the aggregate respondents gave this score (Table 3.39).

Table 3.39 Satisfaction With Last Set-Aside

Level of Satisfaction	Aggregate	Daytona Beach	Jacksonville
1 (least satisfied)	0.0%	0.0%	0.0%
2	15.8%	50.0%	11.8%
3	5.3%	0.0%	5.8%
4	15.7%	0.0%	17.7%
5	10.6%	50.0%	5.9%
6	5.2%	0.0%	5.9%
7	26.3%	0.0%	29.4%
8	21.1%	0.0%	23.5%
9	0.0%	0.0%	0.0%
10 (most satisfied)	0.0%	0.0%	0.0%
Totals	100.0%	100.0%	100.0%
	N=19	N=2	N=17

Only a minority expressed very low satisfaction with their last set-aside program. Overall, 21 percent of the participants gave scores of three or lower, with no respondent indicating a score of 1 (Table 3.39). In Jacksonville, 18 percent of the respondents listed scores of no higher than three (Table 3.39). One respondent from Daytona Beach (50 percent), however, did select a score in

this range (Table 3.39). The mean satisfaction score from Daytona Beach was three and a half.

Concluding Questions

With the exception of the last two items, the last questions were posed to gain demographic information about the black business owners. The first question asked the respondents to indicate their level of education. The levels of educational achievement ranged from grade school through professional degree. All the respondents had at least graduated from high school (Table 3.40).

In fact, these business owners were well educated, with a third holding either graduate or professional degrees (Table 3.40). (As there is no real agreement on which of those types of degrees are considered the "highest," further analysis will combine the two groups.) There were no major educational differences among the overall sample, Daytona Beach black business owners, or their Jacksonville counterparts.

The average respondent in the aggregate sample held a four-year college degree. This was also true of those from Daytona Beach and from Jacksonville. Bates asserts that the educational level of an entrepreneur is important. He posits that owners with four or more years of college are more likely to have businesses that survive (Bates, 1993b).

Table 3.40 Level of Education of Respondents

Highest Level Attained	Aggregate	Daytona Beach	Jacksonville
Grade School	0.0%	0.0%	0.0%
High School	7.8%	3.8%	9.2%
Some College	21.6%	23.1%	21.1%
College Graduate	34.3%	34.6%	34.2%
Graduate Degree	16.7%	15.4%	17.1%
Professional Degree	19.6%	23.1%	18.4%
Totals	100.0%	100.0%	100.0%
	N=102	N=26	N=76

The capitalists were then asked to indicate their area of residence. Two-thirds of the overall sample lived in either the suburbs or in rural areas (Table 3.41), but there were major differences among respondents from the two cities. While twenty-four percent of the Jacksonville business owners lived in inner city neighborhoods, their counterparts to the south were nearly three times as likely (64 percent) to live in similar locales (Table 3.41).

Table 3.41 Residential Area of Respondent

Neighborhood	Aggregate	Daytona Beach	Jacksonville
Inner City	34.3%	64.0%	24.3%
Suburbs	62.7%	36.0%	71.6%
Rural area	3.0%	0.0%	4.1%
Totals	100.0%	100.0%	100.0%
	N=99	N=25	N=74

The next survey item queried respondents on the racial makeup of their residential neighborhoods. The response pattern to this question reveals differences among the municipalities. Forty percent of the Jacksonville sample lived in mostly black neighborhoods, which was close to the

overall figure of 44 percent (Table 3.42). However, 56 percent of the Daytona Beach entrepreneurs lived in mostly black neighborhoods (Table 3.42).

Table 3.42 Racial Composition of Neighborhood of Respondent

Racial Makeup	Aggregate	Daytona Beach	Jacksonville
Mostly black	44.0%	56.0%	40.0%
Mostly white	39.0%	36.0%	40.0%
Equal distribution	17.0%	8.0%	20.0%
Totals	100.0%	100.0%	100.0%
	N=100	N=25	N=75

While there was relative proportional equality among those residing in mostly white communities, local imbalances existed among those living in racially balanced neighborhoods (Table 3.42). One in five Jacksonville respondents lived in such areas, which is slightly more than the aggregate figure of seventeen percent (Table 3.42). Black Daytona Beach capitalists were much less likely (8 percent) to live in balanced neighborhoods (Table 3.42).

The next question requested that the business owners indicate their ages. The mean age for the aggregate sample was 46 years. The business owners in Daytona Beach tended to be older than those in the North Florida city. The mean age in the former locality was 50 years, compared to capitalists who were an average of 44 years old in Jacksonville. Thirty percent of the respondents from Daytona Beach reported being more than 60 years of age. Conversely, 10 percent of the Jacksonville businesspersons were over the

age of sixty, which is not much less than the overall rate of 15 percent (Table 3.43).

Table 3.43 Age of Respondent

Age	Aggregate	Daytona Beach	Jacksonville
Younger than 30	10.5%	8.7%	11.1%
30-39	17.9%	17.4%	18.1%
40-49	40.0%	17.4%	47.2%
50-59	16.9%	26.1%	13.9%
60-69	11.5%	26.1%	6.9%
70 or older	3.2%	4.3%	2.8%
Total	100.0%	100.0%	100.0%
	N=95	N=23	N=72

Indeed, more than half (56 percent) of the Daytona Beach respondents were at least 50 years of age (Table 3.43). This is more than twice the proportion of Jacksonville entrepreneurs (24 percent) who were aged 50 or over (Table 3.43). Finally, there were inter-local disparities in regard to those who were younger than fifty. Forty-four percent of those reporting from Daytona Beach indicated that they were in this age group (Table 3.43). However, 76 percent of the Jacksonville respondents were of similar ages (Table 3.43).

The questionnaire next asked the business owners to indicate their gender. Most of the entrepreneurs were male. This is consistent with the findings of some scholars (Bates, 1993b; Butler and Herring, 1991; Sullivan and McCracken, 1988). The proportion of men in Jacksonville (73 percent) was higher than the aggregate (71 percent). Dayt-

ona Beach had proportionally fewer (64 percent) male entrepreneurs.

The capitalists were asked to name the greatest source of assistance when starting their businesses. This open-ended question sought the most significant positive factor that helped the entrepreneurs launch their firms. The most frequently cited factors were not directly financial in nature. The drive to succeed was the most popular response, which was true regardless of city (Table 3.43a). Other often-cited factors were family support, previous experience in the field, faith in God, and self-confidence (Table 3.44).

While there were very few inter-local disparities in terms of drive and family support, Jacksonville respondents were at least twice as likely to list previous experience and faith in God (18 percent and 13 percent, respectively) as their Daytona Beach colleagues (9 percent and 4 percent) (Table 3.44). Conversely, Daytona Beach respondents were more likely to cite self-confidence (13 percent, compared to 8 percent for Jacksonville) as their greatest sources of support (Table 3.44).

Several financial factors were listed. Among these were personal funds, good credit, and support from black clients (Table 3.44). However, for the most part, relatively few capitalists asserted that these were the most important positive factors (Table 3.44).

Table 3.44 Greatest Positive Factor When Respondent
Started Business

Greatest help	Aggregate	Daytona Beach	Jacksonville
Family support	17.0%	17.4%	16.9%
Drive	23.4%	26.1%	22.5%
Faith in God	10.7%	4.3%	12.7%
Good credit	1.0%	0.0%	1.4%
Personal funds	4.3%	8.7%	2.8%
Similar business support	2.1%	0.0%	2.9%
Business type already present	2.1%	8.7%	0.0%
Previous experience	16.0%	8.7%	18.3%
Desire for independence	2.1%	4.4%	1.4%
Desire to serve community	2.2%	4.3%	1.4%
Self-confidence	9.5%	13.1%	8.4%
Black client support	1.1%	4.3%	0.0%
Other	8.5%	0.0%	11.3%
Totals	100.0%	100.0%	100.0%
	N=94	N=23	N=71

Some of the entrepreneurs (four in Daytona Beach, and 18 in Jacksonville) listed a second factor which helped them when starting their businesses. When coding these responses, the author used the same factors for both the most important (Table 3.44) and second most important factors (Table 3.45).

As in Table 3.44, drive to succeed was the most commonly cited second factor (Table 3.45). While there was very little municipal difference when drive was selected as the most important factor (Table 3.44), half of the Daytona Beach businesspersons selected the factor as second most

important (Table 3.45). By contrast, seventeen percent of the Jacksonville respondents did so (Table 3.45).

Previous experience was cited by 25 percent of those in Daytona Beach, compared to five percent in Jacksonville (Table 3.45). Likewise, faith in God was selected by 25 percent of the Daytona Beach entrepreneurs, while 11 percent of those self-employed in Jacksonville gave this answer (Table 3.45).

Family support and self-confidence were not as commonly selected as second factors (Table 3.4) as they had been perceived as the greatest positive factor when the respondents were going in to business (Table 3.44). No business owner in Daytona Beach cited these factors at all, while a total of 16 percent of Jacksonville entrepreneurs did so (Table 3.45).

Table 3.45 Second Positive Factor When Respondent Started Business

Second Factor	Aggregate	Daytona Beach	Jacksonville
Family support	9.1%	0.0%	11.1%
Drive	22.7%	50.0%	16.7%
Faith in God	13.7%	25.0%	11.1%
Good credit	4.5%	0.0%	5.5%
Personal funds	4.5%	0.0%	5.6%
Business type already present	4.6%	0.0%	5.6%
Previous experience	9.1%	25.0%	5.5%
Desire to serve community	4.5%	0.0%	5.6%
Self-confidence	4.6%	0.0%	5.5%
Black client support	4.5%	0.0%	5.6%
Other	18.2%	0.0%	22.2%
Totals	100.0%	100.0%	100.0%
	N=22	N=4	N=18

In terms of financial factors, no Daytona Beach respondent cited personal funds, good credit, or support by black clients as the second most important factor (Table 3.45). It should be noted, however, that the total proportion of Jacksonville capitalists listing these three factors was only 17 percent (Table 3.45).

The final question of the survey asked the entrepreneurs to name the greatest obstacle they faced when starting their businesses. This was an open-ended question which allowed the respondents to list whatever obstacle they deemed was the most significant. Some business owners listed more than one obstacle (Tables 3.46 and 3.47).

Like the positive factors (Tables 3.44 and 3.45), these obstacles were in several categories. When coding these responses, the author used the same groups of obstacles for both the greatest and the second most important obstacles faced by the capitalists. Therefore, some obstacles appear as the most important, but not as the second most important, and vice versa (Tables 3.46 and 3.47).

The single greatest negative factor was finances (Table 3.46). Forty-eight percent of the Jacksonville respondents selected this as the greatest obstacle they faced, while 42 percent of the Daytona Beach business owners had this perception (3.46). One returned survey from the Old South city simply read "money!" (Entrepreneur 166, October 10, 1994). Another response was "start up capital" (Entrepreneur 311,

October 20, 1994), while a third read "cash flow" (Entrepreneur 369, January 9, 1995). Still another Jacksonville resident reported the biggest obstacle faced was "trying to get banks to believe that I'm a hard worker and will pay my loans back" (Entrepreneur 181, December 13, 1994).

Other financially-related issues cited included insufficient funds to hire more workers, difficulty in attracting black clients, and competition from other black businesses in the same field (Table 3.46). However, few respondents cited any of these as the top obstacle. In fact, no Daytona Beach owner cited inadequate numbers of workers, and no Jacksonville entrepreneur saw black business competition as an obstacle (Table 3.46).

Table 3.46 Greatest Negative Factor When Respondent Started Business

Greatest Obstacle	Aggregate	Daytona Beach	Jacksonville
Finances	46.7%	41.7%	48.5%
Fear of failure	1.1%	0.0%	1.5%
Black competition	2.2%	8.3%	0.0%
Difficulty in gaining black clients	3.3%	4.2%	2.9%
Too few workers	2.1%	0.0%	3.0%
Lack of good workers	3.3%	0.0%	4.4%
Agency letdown	4.3%	4.1%	4.4%
"Good ole boy" networks	2.2%	4.2%	1.5%
No set-asides	0.0%	0.0%	0.0%
Maintaining motivation	4.4%	4.2%	4.4%
Racism	10.8%	12.5%	10.3%
Nothing (would not be discouraged)	4.4%	12.5%	1.5%
Location	3.2%	4.1%	2.9%
Other	12.0%	4.2%	14.7%
Totals	100.0%	100.0%	100.0%
	N=92	N=24	N=68

A few Jacksonville respondents (4 percent) stated that their main problem was an inability to get good employees (Table 3.46). An even smaller proportion (1 percent) of those in Jacksonville claimed fear of failure was the primary obstacle (Table 3.46). Location was cited by four percent of those in Daytona Beach and by three percent of Jacksonville subjects (Table 3.46). Trouble maintaining motivation was cited by four percent of subjects in both cities (Table 3.46).

Systemic social problems were seen as the primary obstacles by some respondents. Four percent of businesspersons in each city stated that their main problem was insufficient agency assistance (Table 3.46). Additionally, four percent of Daytona Beach capitalists, and one percent of Jacksonville entrepreneurs, posited that "good ole boy" networks had constituted their greatest impediment (Table 3.46).

The most commonly cited social obstacle, however, was racism. Twelve percent of those in Daytona Beach and 10 percent of Jacksonville respondents made this assertion (Table 3.46). While it could be argued that previously discussed obstacles (e.g., finances, networks, and agency letdown) have racist underpinnings, this latest factor is incontrovertible in this regard.

A respondent described his/her experience with bigotry. This entrepreneur wrote that "a white insurance agent told

me I did not have a snow ball chance in hell to get in the business" (Entrepreneur 138, November 11, 1994). Another simply stated, "color" (Entrepreneur 44, December 13, 1994). Another short response was "my race" (Entrepreneur 212, November 1994). One capitalist asserted that the main obstacle was "the [in]ability of bank loan officers to look pass (sic) my skin color and see the need and profit potential of this business" (Entrepreneur 42, October 20, 1994).

A significant proportion of Daytona Beach respondents asserted that they let nothing stand in their way when starting their businesses. Daytona Beach entrepreneurs were more likely (12 percent) to give this response than those in Jacksonville (1 percent) (Table 3.46).

While 92 of the 102 business owners returning surveys listed a factor as the most important obstacle when starting their businesses, only thirteen listed a second negative factor. Finances was the most commonly selected such factor among the respondents. Half of the Daytona Beach entrepreneurs cited finances, while thirty-three percent of those in Jacksonville did so (Table 3.47). This pattern was consistent with the pattern for the greatest negative factor, when finances was seen the most common problem (Table 3.46).

Among the other financially-related factors listed previously as the primary obstacles (Table 3.46), only insufficient funds to hire more workers was also presented

as the second most important problem (Table 3.47). Once again, this hurdle was listed only among Jacksonville respondents. However, eleven percent of those capitalists saw this as the second greatest obstacle (Table 3.47), nearly four times the proportion (3 percent) who had seen too few workers as the greatest problem (Table 3.46).

Another financially-related problem was a lack of set-aside programs. While no one had listed this as the most important problem when starting their business (Table 3.46), eleven percent of the Jacksonville respondents indicated that this was the second greatest hindrance (Table 3.47).

The inability to get good employees was seen as a second negative factor by 25 percent of the Daytona Beach entrepreneurs (Table 3.47). This represents a reversal from the previous scenario, when no one from the New South city had cited this problem as most important (Table 3.46).

Unlike the listings for primary obstacles, systemic social problems were not as commonly cited as the second most important hindrances. For example, racism was absent from the listings given by the respondents (Table 3.47). However, agency letdown was cited by 11 percent of the Jacksonville respondents (Table 3.47).

Table 3.47 Second Negative Factor When Respondent Started Business

Second Obstacle	Aggregate	Daytona Beach	Jacksonville
Finances	38.5%	50.0%	33.3%
Too few workers	7.7%	0.0%	11.1%
Lack of good workers	7.6%	25.0%	0.0%
Agency letdown	7.7%	0.0%	11.2%
"Good ole boy" networks	23.1%	25.0%	22.2%
No set-asides	7.7%	0.0%	11.1%
Other	7.7%	0.0%	11.1%
Totals	100.0%	100.0%	100.0%
	N=13	N=4	N=9

"Good ole boy" networks were seen as a second problem by a significant proportion of all respondents. Bates (1993a) describes these as systems that favor white business owners in contracts through institutionalized practices. The discrimination is compounded by agency inertia, incompetence, and corruption (Bates, 1993a). Those who cannot get into the system do not get contracts (Bates, 1993a).

The proportion of subjects citing these networks was greater than twenty percent in both cities (Table 3.47), marking a relatively large increase from those who in both municipalities seeing networks as the greatest problem area (Table 3.46).

Implications of Survey Results

The picture that begins to emerge from the surveys is one in which the black business owners see themselves as somewhat successful economically. In addition, many are in

fields that Bates (1993b) sees as promising in terms of future success.

However, this optimistic outlook is countered by the fact that the business owners have a mostly negative view of public officials, and of institutions, that impact upon them. Of particular importance is the fact that most respondents felt that public officials had done nothing to help their businesses directly or to lower black business failure rates. The pattern of survey answers from Daytona Beach is especially indicative of cynicism on the part of black business owners.

One possible reason for less entrepreneurial confidence by respondents from that city is that it is much less urbanized than Jacksonville. While Jacksonville had 672,971 people in 1990, Daytona Beach had only 61,921 (Slater and Hall, 1996). This may be especially instructive in regard to the deeper sense among Daytona Beach respondents that black officials had not been of overall help to them, and that neither black nor white officials had done anything to address black business failure rates (Tables 3.19, 3.21 and 3.25, respectively).

Whitby (1985 and 1987) argues that white southern Democratic members of Congress have been more responsive to blacks when their districts have been more urbanized. Whitby focuses on the U. S. House of Representatives (1985 and 1987). Similarly, Overby and Cosgrove (1996) argue that

white incumbent Democratic U.S. House members from less urban districts are less sensitive to black concerns.

Although these are federal officials, House members from urban districts tend to support policies addressing city problems (Feagin, 1972; Whitby, 1985). The argument can be made that local officials (elected or appointed) from urbanized areas are also more likely to support programs favored by blacks. It can also be argued that more urbanized areas have more programs that focus on black interests. A Jacksonville official asserted that Jacksonville had more institutions that address black business development than did Daytona Beach (Official Interview, December 15, 1994).

There is evidence to support this claim. Jacksonville has a Northwest Area Council of the Chamber of Commerce. This focuses on black businesses (Jacksonville Official, September 20, 1994). The Northside Business Services Center is located in an area of the city with large numbers of black businesses. This center houses the Jacksonville Minority Business Opportunity Committee, which is a umbrella organization involving the Minority Business Development Center of the U.S Department of Commerce, the City of Jacksonville, and historically black Edward Waters College (Government Documents, 1994). The city also has an Equal Business Opportunity Office. Additionally, the city has a First Coast Black Business Investment Corporation (Government Documents, 1994).

Daytona Beach has many fewer institutions. While a black chamber of commerce was established in 1985 by blacks in that city (Button, 1989), it no longer exists. A survey respondent who had been involved in that group expressed deep resentment toward the city government, and toward black officials, regarding the demise of the organization (Entrepreneur 12, December 13, 1994).

This respondent asserted that the city refused to adequately fund the black chamber, while giving the white chamber many times the levels of support accorded the former organization (Entrepreneur 12, December 13, 1994). The business owner further claimed that when the chamber experienced financial problems, a black official in a position to assist the group did nothing (Entrepreneur 12, December 13, 1994).

Daytona Beach does have some institutions that address black business development, however. The Daytona Beach/-Halifax Area Chamber of Commerce publishes a list of area minority businesses (City Documents). It was the only such listing for minority enterprises the author could find, while Jacksonville had at least five. The New South city also has a minority development office (City Documents), as well as a community development office. But the author could find nothing comparable to the plethora of institutions encountered in Jacksonville.

Whitby (1985 and 1987), and Overby and Cosgrove (1996) also assert that racial composition of the districts is related to more responsiveness to black constituent concerns. Districts with higher proportions of black constituents, as well as high levels of urbanization, tend to have more racially responsive House members (Overby and Cosgrove, 1996; Whitby, 1985 and 1987).

Daytona Beach was 31 percent black in 1990, while Jacksonville had a slightly lower share of 24 percent (Slater and Hall, 1996). While the former municipality had proportionally more blacks, perhaps the lower level of urbanization (and the attendant features previously described), helps explain why Daytona Beach respondents felt so little had been done by officials.

Perhaps the preceding also help account for the fact that those in this locality were more likely to assert that government agencies had done nothing for them. The proportion of Daytona Beach capitalists making this claim was 19 percentage points higher than that of their northern colleagues (Table 3.30).

Despite the greater proportion of New South respondents who cited agencies for lack of action, it should be remembered that a majority of those in Jacksonville posited that agencies had done nothing for them (Table 3.30). And four percent of Jacksonville capitalists listed agency problems

as the main hindrance they faced when founding their businesses (Table 3.46).

One of these businesspersons referred to agency problems as "bureaucratic red tape" (Entrepreneur 257, October 26, 1994). Another was more condemning: "the lack of help from the so called agencies that are supposed to help minority business grow and develop. I feel unless you are not [sic] in a certain group you are still lost. Because they do not help" (Entrepreneur 172, November 23, 1994).

The fact that most of the black business owners in this survey considered public officials and government agencies derelict in addressing their interests could have serious consequences. Even when officials or institutions attempt to assist the capitalists, such deep cynicism could discourage these intended program beneficiaries from participating in policy initiatives.

As previously stated, black officials did not escape the scorn of black business owners. This was true even in Jacksonville, where officials (black or white) might be expected to be more responsive to black citizens. One respondent who cited black officials as the primary obstacle faced when founding his business wrote: [the main hindrance was] the black political structure in its lack of knowledge/understanding of free enterprise; politicians actually stand in the way of economic development by not seeking fundamental, long-term solutions initiated by their black business constituents. The majority of black politicians' constituency is not business minded people. (Entrepreneur 229, October 27, 1994)

The lack of confidence in officials (of any race) or in institutions may be a possible explanation for the low

participation in set-aside programs (Table 3.34). Taken on its face, the fact that Jacksonville had few participants is puzzling. Even if one excludes law and medicine, fields not usually associated with set-aside programs, 58 percent of the Jacksonville business owners were in what Bates (1993b) refers to as emerging areas (Table 3.1b). These are businesses which are more likely to receive assistance, including contracts, from city officials (Bates 1993b).

However, the city of Jacksonville has been involved in an inveterate conflict over set-asides. This will be discussed in greater detail in Chapter 6. One indication of the level of conflict over this issue, however, is the fact that blacks were arrested in 1992 after staging a protest in the city council chambers to protest a set-aside plan (Saunders, September 24, 1992).

An optimist might point out that Jacksonville business owners were more likely than their New South colleagues to participate in set-asides (Table 3.34). However, it could also be argued that a city with proportionally fewer emerging businesses (Table 3.2) would be expected to have lower rates. The ongoing conflict in Jacksonville could be a major factor in low participation in that city.

In sum, the businesses in the cities seem to have potential for long-term survival and growth. However, issues such as financing and the deep lack of black entre-

preneurial confidence in local officials or institutions could prove to be a hindrance to their ultimate success.

In the next chapter, some of the issues that have been described here are examined in greater depth. In particular, hypotheses and variables are set forth. Of great importance is hypothesis testing of issues involving political officials and programs that are designed to assist black-owned enterprises.

CHAPTER 4

HYPOTHESIS TESTING FOR BLACK ENTREPRENEURSHIP

Bates (1993 and 1993b) argues that the development of successful emerging firms is critical to the economic well-being of black communities. He argues that these firms are founded with more capital than traditional black businesses, have comparatively lower failure rates, are likely to serve a diverse clientele, have relatively high sales, can participate in lucrative set-aside programs, and can create jobs (Bates 1993a and 1993b).

Bates and Williams (1993) believe that cities with black officials are more likely to have black enterprises that have lower black business failure rates, higher sales, and more employees. Bates (1993a and 1993b) argues that further governmental help for black businesses is needed because of three major barriers faced by black-owned businesses. Problems of capitalization ensure that not even emerging (non-traditional) types of black-owned businesses are funded adequately to help them prosper (Bates, 1993a and 1993). Geographic problems arise from the fact that inner-city businesses are increasingly being left out of local business development programs (Bates, 1993a and 1993b). And legal challenges to set-aside programs threaten the ability

of black businesses to expand and diversify (Bates 1993a and 1993b) .

In this chapter, some of these propositions are explored via multivariate hypothesis testing. The hypotheses which follow are based heavily upon the works of Bates and his colleagues. Several aspects of black entrepreneurship are tested. Among these are types of business ownership, the role of public officials and agencies, scope of business, and participation in set-aside programs.

The analytical process begins with a listing of the hypotheses and variables. This is followed by correlation matrices that examine bivariate relationships between independent variables and dependent variables. Then each hypothesis is listed and tested using regression analysis.

Regression analysis allows for the testing of the influence of several independent variables upon a dependent variable, while controlling for the effect of each independent variable (Agresti and Finlay, 1986). In cases wherein the dependent variable is ordinal or interval, linear regression is used to measure these relationships (Agresti and Finlay, 1986). When the dependent variable is dichotomous, logistic regression is used. This method allows one to predict whether or not an event (i.e., the dependent variable) will occur (Norusis, 1990).

This project differs somewhat from other studies of black entrepreneurship in particular and ethnic entrepre-

neurship in general. Most previous studies have had an economic focus (e.g. Bates 1993a and 1993b) or a sociological one (e.g., Butler 1991). This work uses political science as a guide, although theories from the other fields are heavily used, since the body of existing research is strongest in those areas.

Another point of departure from previous entrepreneurial research is that the data used in the analyses that follow were obtained from surveys of black business owners. This fact, as well as the concern with the role of public officials in black business development, distinguish this work from previous examinations of black enterprises.

Hypotheses Formulated for Analysis

Following are hypotheses to be used in the data analysis for this research. They are based on the review of the literature previously discussed. In each hypothesis, the independent variable of particular interest is either business site or business type. Bates (1993a and 1993b) asserts that whether or not a business is located in the inner city has great impacts upon a black enterprise. Another argument is that an emerging, or non-traditional, type of black-owned firm has different (mostly more positive) experiences than a traditional establishment (Bates 1993a and 1993b; Bates and Williams 1993).

Education, gender, age, and city (its level of urbanization) of the black business owners, are used also independent variables in each of the hypotheses being tested for this project. The first three factors are commonly used as control variables in social science research. Additionally, these variables are also associated with black entrepreneurship. Level of formal education is associated with ownership of more successful businesses (Bates, 1993b). Black males (more so than females) are associated somewhat with higher rates of overall entrepreneurship (Bates 1993b; Butler and Herring, 1991; Sullivan and McCracken, 1988). Butler and Herring (1991) posit that males are more likely than females to own their businesses. Age is also associated with black entrepreneurship. It is often related to gaining experience conducive to operating businesses, and to the acquisition of capital and credit contacts (Bates, 1993b; Butler and Herring, 1991; Sullivan and McCracken, 1988).

Urbanization is important in terms of affecting official levels of official responsiveness to black constituents (Feagin, 1972; Overby and Cosgrove, 1996; Whitby, 1985 and 1987). Officials from more urbanized areas, and particularly those with significant numbers of blacks, are more likely to be adopt policy positions favorable to black interests (Feagin, 1972; Overby and Cosgrove, 1996; Whitby, 1985 and 1987). It could also be argued that more urbanized areas are more likely to have emerging types of businesses. Since

Daytona Beach and Jacksonville have different levels of urbanization, city urbanization could impact many of the hypotheses being tested in this research.

H1. There is a positive association between the location of a business outside the inner city and incidence of non-traditional business ownership (i.e., emerging type of business).

Bates (1993b) posits that most of the businesses in inner cities are traditional types of black businesses. By contrast, emerging types of businesses are more likely to have been established outside the inner cities, where they can take advantage of more lucrative markets (Bates, 1993 and 1993b).

Other factors may also influence ownership of an emerging enterprise. Owners of emerging types of firms tend to be more educated than those who open traditional businesses (Bates, 1993b). Additionally, general business ownership is more likely among males (Bates, 1993b; Butler and Herring 1991; Sullivan and McCracken, 1988). Further, age seems to have a positive relationship with business ownership (Bates, 1993b; Butler and Herring, 1991). If gender and age positively affect general business ownership, it would follow that these factors should have positive associations with ownership of emerging types of businesses. More urbanized cities would also be expected to have more of these enterprises.

Local racial climate is expected to be positively associated with ownership of an emerging enterprise. Bates

posits that an emerging type of business has an interracial client base (Bates, 1993a and 1993b). Residence of the owner may make a difference in whether she/he owns an emerging type of business. It is possible that a person whose residence is outside the inner city may be more likely to have a business which draws heavily upon customers from outside the inner city.

The racial makeup of the residential community of a black entrepreneur may have a relationship with the type of business that person owns. Perhaps living in a mostly black neighborhood makes make it more likely that the proprietor would open a business in the inner city, where Bates asserts emerging businesses are less common (Bates, 1993a and 1993b).

H2. There is a positive association between ownership of an emerging (i.e., non-traditional) type of business and perception of help by black officials.

Black businesses are expected to benefit from having black officials in local government (Bates and Williams, 1993; Bates, 1993a and 1993b; Browning, Marshall, and Tabb, 1990). The emerging firms are most capable of being helped by policies of black elected officials (Bates and Williams, 1993). This hypothesis examines the extent to which black business owners perceive this to be the case. Urbanization level of the city, respondent education, respondent age, and business site (outside the inner city), are also ex-

pected to have a positive influence on perceptions of black official help.

Gender may have some influence. Males are somewhat more likely to become black business owners (Bates, 1993b; Butler and Herring, 1991; Sullivan and McCracken, 1988).

Residential neighborhood is defined as inner city or non-inner city. Those business owners whose places of residence are outside the inner city would be expected to have more education and more skills conducive to ownership of successful black businesses. Butler (1991) refers to Wilson (1987) in stating that those in the inner cities, after the middle-class and working class residents left, are the hard-core poor. While Butler (1991) sees the potential for future business development among these residents, Bates (1993b) argues that the fact that the other groups have left means that it is hard for thriving black-owned businesses to be launched. Bates (1993b) argues that this results in inner-city businesses that are more likely to be owned by high school dropouts than by college-educated entrepreneurs.

Conversely, one would expect a positive association between non-inner city residency and perception of help by local black officials. Bates (1993a and 1993b) posits that emerging businesses are more likely to be located outside the inner city. Additionally, even black mayors have not been able to break the patterns of redlining and undercapit-

alization that exists against inner-city businesses, including emerging black businesses (Bates 1993b).

Racial makeup of residential community could affect the dependent variable. This ranges from a mostly white community to a mostly black one. It is included to determine whether the race of the residential community of a respondent has an impact on how that person perceives help by white officials.

H3. There is a positive association between ownership of an emerging type of business and perception of help by white officials.

The contention that black businesses are likely to be helped by black officials (Bates and Williams, 1993) can be extended to white officials. Emerging types of businesses are in a better position than traditional businesses to be helped by public officials, race notwithstanding.

Business site can also be expected to be a factor in support by white officials. Respondents with enterprises outside the inner city can be expected to be more likely to perceive white support. A more urbanized city is expected to have white officials who are more attentive to black interests (Feagin, 1972; Overby and Cosgrove, 1996; Whitby, 1985 and 1987).

Educational attainment and age are expected to be positively associated with the dependent variable. Since males are expected to become business owners more often than

are women, it can be argued that they are more likely to perceive help from white officeholders.

Local racial climate is expected to be positively associated with perceptions of white official help. Residential neighborhood (with non-inner city residence more highly ranked) is expected to have a positive association with the dependent variable. Racial makeup of the residential community could affect the perception of a respondent regarding white official assistance. This variable is included for that reason.

H4. There is a negative association between the location of a business outside the inner city and perception of agency help.

Government agency help can come from federal, state, or local sources. Bates argues that government minority business programs often fail because they focus on inner city locales (Bates, 1993b). He posits that during the 1980s, emerging firms chose increasingly not to locate in inner city areas (Bates, 1993b). Therefore, businesses outside the inner city have been often been omitted from these agency programs.

Since many of these enterprises are also emerging types of businesses, the focus of agencies has too often been on inner city businesses that are less likely to thrive (Bates 1993b). As a result, owners of emerging types of businesses are also expected to see agencies as less helpful than traditional black business owners.

Levels of urbanization, gender, education, and age are other independent variables possibly affecting perceptions of agency help. Respondents from more urbanized cities would be expected to have received more agency assistance, because those areas are likely to have a plethora of agencies. Due to the fact that they are more likely to own businesses, black male entrepreneurs are more likely to perceive agency assistance. If Bates (1993b) is correct about most agency programs being targeted toward businesses less likely to be successful, then one would expect the owners of those businesses to be less educated and younger.

Local racial climate should be positively associated with perceptions of agency assistance. Similarly, black official help and white official help should also positively impact agency help. For example, black officials in Jacksonville were cited for referring respondents to agencies (Chapter 3), which could be on any governmental level.

Residential neighborhood is expected to be negatively associated with perception of agency help. Bates (1993b) argues that agency programs disproportionately target inner cities, which might lead those living outside these areas to perceive less agency involvement in the suburbs. Racial makeup of community of the respondent is included to determine whether the racial composition of a neighborhood affects the way in the entrepreneur assesses the level of assistance proffered by government agencies.

H5. There is a negative association between the location of a business outside the inner city and level of overall difficulty in obtaining a bank loan.

Business site is important because Bates (1993b) asserts that inner-city businesses are redlined by banks. He also posits that the loans that are received by entrepreneurs with inner-city businesses, as well as mostly black neighborhoods, are smaller (Bates, 1993b).

Business type is expected to have a negative relationship with overall loan difficulty. Emerging types of businesses are more likely to receive loans than are their traditional counterparts (Bates, 1993b).

Local racial climate (ranging from poor to good) is expected to be negatively associated with overall level of loan difficulty. Black official help, white official help, and government agency help are also expected to be negatively associated with overall level of difficulty in obtaining a loan from a white bank or lending institution.

Age and urbanization level of a city are expected to have positive influences upon perceived level of loan difficulty. Older capitalists should have more business experience, capital, and credit contacts than their younger colleagues (Bates, 1993b; Butler and Herring, 1991; Sullivan and McCracken, 1988). Urbanization should provide the political and economic environments which would make it easier to obtain business loans.

Males are expected to have greater ease at obtaining financing. Education level is also predicted to have a negative relationship with loan difficulty. Bates asserts that college graduates face less discrimination from banks than do those with less education (Bates, 1993b). Loan sizes are also larger for college graduates (Bates, 1993b). In spite of all these factors, the fact remains that black entrepreneurs have more difficulty in obtaining loans than do their white counterparts, and they receive smaller loans (Bates, 1993b).

H6. There is a negative association between the location of a business outside the inner city and incidence of using primarily personal funds to finance a business.

Whether or not the source of financing is mostly through personal funds or through a lending institution is very important. Bates (1993b) asserts that businesses most likely to survive long-term are those with large initial investments, and that black firms which borrow have nearly five times the amount of start-up funds as those who do not. Consequently, a businesses whose main source of start-up funds is personal money is less likely to survive and grow.

Business site is important because Bates (1993a and 1993b) asserts that white banks redline. Businesses located in the inner city, and those in black neighborhoods generally, have more difficulty in obtaining loans (Bates 1993a and 1993b). Firms outside the inner city are less likely to use primarily personal funds during business start-up.

Business type is expected to be important. Emerging types of businesses are expected to be less likely to use primarily personal funds during original financing (Bates, 1993b).

Public sector modes of assistance are also among the explanatory variables. Black official help, white official help, and assistance from government agencies are all expected to make it more likely that a person used bank resources rather than personal funds for the source of his or her original business financing.

A negative association is expected between higher levels of loan difficulty and source of financing. This means that increased loan difficulty would make it more likely that a business was originally financed by personal funds (which is less desirable) than with bank money.

Local racial climate is expected to be a negatively associated with personal fund use (i.e, it should impact upon use of bank funds). Better race relations should also foster the conditions that would make it less likely that an entrepreneur would have to rely on personal resources.

Age, education, and urbanization level are expected to be negatively associated with the incidence of entrepreneurs using primarily personal funds as the source of their business financing. In essence, respondents who are older, more educated, and reside in larger cities are expected to have used bank loans instead of personal money. Males are also

expected to be less likely to have used primarily personal funds for initial capitalization.

H7. There is a negative association between ownership of an emerging type of business and the likelihood that finances are the main obstacle when beginning a business.

Business type is negatively associated with level of loan difficulty (Bates, 1993b) if an emerging type of business is assigned a higher value. This is also true of business site (Bates, 1993b) if one assigns a higher value to a locale outside the inner city. It can be argued that, by extension, these factors should have similar relationships to the likelihood that finances are the main obstacle when beginning a business. Level of loan difficulty itself would be expected to have a positive relationship with the dependent variable when finances are assigned the higher value for main obstacle.

Similarly, assistance from black officials, white officials, and from government agencies are expected to have negative associations with the dependent variable. This should also hold for educational attainment and level of urbanization in a city.

Age should also have a negative association with main obstacle. Since age is associated with more solid financial standing, older entrepreneurs are expected to be less likely to assert that finances were the main obstacle faced when beginning their businesses. Males are expected to be less

likely to assert that finances were their primary roadblock to becoming entrepreneurs.

Source of financing is also expected to have an influence. If a business is funded mostly through personal funds (from H6), the business usually has a weaker financial status than a business funded through a bank (Bates, 1993b). A firm whose primary start-up capital is a bank would have a stronger financial base, and would therefore be less likely to have cited finances as the primary obstacle when getting established.

H8. There is a negative association between the location of a business outside the inner city and incidence of business crises.

Business site is frequently cited by Bates (1993b) as being vital to black business survival. Black businesses outside the inner city are outside the areas redlined by banks: inner city locales and black neighborhoods (Bates 1993b). The markets outside the inner city are more likely to be conducive to business survival and growth (Bates 1993b). Their failure rates are lower (Bates, 1993b). Therefore, it should be less likely that these enterprises suffer as many financial crises (i.e., come close to bankruptcy) as the inner-city counterparts.

Similarly, emerging types of establishments are also expected to have had fewer business crises. White official help, black official help, and government agency assistance

are expected to be negatively associated with the occurrence of crises.

Loan difficulty is expected to have a positive association with business crises. It can be argued that because entrepreneurs receiving no loans or small loans have less beginning capital (Bates, 1993b), they are more likely to experience fiscal problems.

Local race climate is expected to have a negative relationship with black business crises. In an area with better race relations, it should be easier for black business owners to obtain loans, and to receive assistance from public officials and agencies.

Age, city urbanization level, and education are expected to have negative influences upon the incidence of business crises. Male business owners are expected to have fewer crises than women capitalists.

H9. There is a positive association between ownership of an emerging type of business and a client base outside the inner city.

Bates argues that emerging businesses are most likely to have a client base outside the inner city (1993b). This is due both to the increased probability that such firms are located outside the inner city, and to the likelihood that these businesses provide goods and services which attract geographic and economic varieties of customers (Bates, 1993b). (Due to possible intercollinearity problems, business site is not used in testing this hypothesis.)

It is expected that those firms which receive assistance from local black and white officials are more likely to thrive. When these recipients are emerging firms, it is expected that they are able to expand their client base. Although Bates (1993b) argues that most government agency programs have not focused upon emerging forms of black enterprise, it would still be expected that those which have obtained agency help are more likely to have a client base outside the inner city. Indeed, Bates argues that some emerging firms do business with government entities (1993b).

Local racial climate is expected to have a positive influence on the scope of a client base. In a better racial climate, one would expect that a black business would be able to draw increased proportions of non-inner city clients (many of whom are not black).

Source of original financing is expected to be positively associated with client base outside the inner city. Businesses which are founded with bank money are more likely to be emerging businesses, which are more likely to serve a non-inner city clientele (Bates, 1993b).

Age, education, and city urbanization are also expected make it more likely that the client base of the respondent is outside the inner city. Indeed, Bates (1993b) points out that emerging firms are heavily concentrated in such urbanized areas as New York, Chicago, Philadelphia, and Houston,

Los Angeles. Males are expected to be more likely to own firms that have a diversified client base.

H10. There is a positive association between the location of a business outside the inner city and length of operation.

As Bates (1993b) has made clear, businesses outside the inner city have factors that favor their long-term survival, including relatively good financing and stronger markets. It is more likely that these firms will survive than those in the inner city. Emerging business types are also more likely to survive long term (Bates, 1993b).

Black businesses which receive some official assistance have lower failure rates. While Bates (1993b) and Bates and Williams (1993) posit that this is especially true when black officials help these enterprises, it can be argued that white official and agency assistance can also have this result.

Loan difficulty is expected to be negatively associated with length of business operation. The resulting weaker financing of such establishments would make it less likely that they will survive over time.

Age, education, and city urbanization level are expected to be positively associated with length of operation. Male-owned businesses are also expected to survive longer.

A positive association is anticipated between residence and length of business operation. Business owners living outside the inner city are more likely to be educated and

have more initial capital, which are associated with better chances for survival (Bates, 1993b).

H11. There is a positive association between ownership of an emerging type of business and incidence of set-aside participation.

Emerging types of businesses are more likely to qualify for set-aside programs (Bates, 1993a and 1993b; Bates and Williams, 1993). Business site is important because many of the emerging types of businesses are also located outside the inner city (Bates, 1993b). This would make these businesses more able and likely to participate in set-aside types of programs.

Black officials have been linked with more set-aside participation by black business owners (Bates, 1993b; Bates and Williams, 1993; Browning, Marshall, and Tabb, 1990). It is also expected that white official assistance is positively associated with set-aside participation. In fact, respondents for this research listed set-aside assistance as one of the modes of help proffered by white officials (Chapter 3).

Local racial climate is expected to have a positive influence upon set-aside participation. Good race relations are expected to create an environment wherein black entrepreneurs would more participate in these programs.

Racial makeup of the residential community of the respondent is expected to be negatively associated with set-aside participation. Mostly black communities are tend not

to have the people who would become large-scale black business owners because those with these skills have usually left (Bates, 1993b). These people, who tend to be better educated, tend to live in racially diverse communities (Bates, 1993b).

The urbanization level of a city is expected to have an influence upon set-aside participation. These cities are more likely to have set-aside programs, and to have businesses that are able to participate in those projects. Therefore, respondents from the more urbanized municipality of Jacksonville are predicted to have participated in set-asides in greater proportions than Daytona Beach entrepreneurs.

Age and education are expected to be positively associated with set-aside participation. Older and better educated business owners are more likely to become proprietors of firms large enough to compete for set-asides (Bates, 1993b). They are also more likely to own emerging types of businesses (Bates, 1993b), which are more likely to participate in set-aside programs. Finally, males are expected to be more likely to participate in set-asides than are women.

H12. There is a positive association between the location of a business outside the inner city and the gross sales of the business.

Bates (1993a and 1993b) argues that business site is crucial to sales. He asserts that the businesses outside the inner city are more likely to have been adequately

financed, and to have strong markets (Bates, 1993b). As a result, they are more likely to have high sales (Bates, 1993b). Similarly, emerging types of businesses are more likely to have the types of goods and services that would lead to high earnings (Bates, 1993b).

Black official help has been linked to higher sales for black businesses (Bates, 1993b; Bates and Williams, 1993). White official help and government agency help are also predicted to be positively related to gross sales.

Set-aside participation is expected to positively impact gross sales. Bates asserts that set-aside contracts have helped some black firms attain high levels of income (Bates, 1993b).

A business owner may also have differing sales levels depending on her or his primary obstacle faced when starting the establishment. Since the initial capital base is so important to survival and growth (Bates, 1993b), it is expected that those whose primary obstacle was finances would have lower sales levels.

Age, education, and city urbanization are expected to be positively related to gross sales. In addition, male-owned businesses are expected to have higher sales levels.

H13. There is a positive association between the location of a business outside the inner city and present numbers of employees.

Enterprises located outside the inner city tend to have more employees than their counterparts (Bates, 1993b). This

is due to the fact that these businesses tend to have stronger markets than those in inner cities (Bates, 1993b).

Business type is expected to be another positive factor. Bates asserts that because emerging types of businesses are more likely to survive and prosper, they can also create jobs (Bates, 1993b).

Help from local black officials is expected to impact upon the work force of a firm. Black official assistance been associated with higher numbers of employees for black businesses (Bates, 1993b; Bates and Williams, 1993). Further, white official assistance and agency help are predicted to be positive influences upon the number of workers a firm is able to hire.

Gross sales are expected to have a positive impact upon the number of workers that black entrepreneurs can employ (Bates, 1993b). Therefore, it is expected that firms with higher sales in 1993 would have more employees in 1994.

Age, city urbanization level, and education are expected to have impacts upon the number of employees. Male business owners are also predicted to have more workers than those run by women.

H14. There is a positive association between the ownership of an emerging type of business and perceptions of overall success.

Bates has argued that emerging firms are the most successful of the black businesses (1993a and 1993b). The owners of such business are expected to see themselves as

more successful than those who operate traditional businesses.

The firms whose owners received black official help, white official help, and government agency help are expected to see themselves as more successful than those whose proprietors did not obtain assistance. Black entrepreneurs who participated in set-aside programs, as well as those with higher sales, are expected to rate themselves as more successful than would than their counterparts.

Respondents who had a business crisis should rate themselves as less successful than those who did not come close to losing their businesses. Level of city urbanization is also predicted to be positively associated with business success. More urbanized areas are expected to have more emerging types of businesses, which Bates (1993b) asserts are more successful. Likewise, males are expected to see themselves as comparatively more successful.

Age and education are expected to have positive impacts upon respondent perceptions of overall success. Bates (1993b) asserts that older and better educated black capitalists are more likely to have businesses which better overall.

H15. There is a positive association between the ownership of an emerging type of business and perception of black official help in lowering black business failure rates.

This hypothesis and the one that follows it address black entrepreneurial attitudes toward local official help

in reducing black business failure rates. Unlike the previous hypotheses being tested, these two final hypotheses are not limited to exploring black entrepreneurial issues as they impact the individual respondents. Rather, they explore the perceived impact of local officials in helping overall black business development in the most basic way: survival.

Bates and Williams (1993) argue that cities with large numbers of black officials (particularly mayors) have reduced the failure rates of black businesses in their localities. While neither city in this study has a black mayor, they had several local officials at the time of the survey. In regard to H15, people owning emerging types of businesses might be expected to see black officials as helpful in reducing area black business failure rates because they or someone they know of who owns such a business has been helped by a black official in some way.

Business site is also expected to influence entrepreneurial perceptions. Since the failure rates for black businesses are lower outside the inner city (Bates, 1993b), it follows that a business owner in this locale would see black officials as more helpful.

It is certainly expected that black official help has a positive influence on the dependent variable. If the respondent has been helped by black officials, that entrepre-

neur might be expected to perceive that these officials have been working to reduce area black business failure rates.

A past business crisis should have a negative association with the dependent variable. It is possible that a respondent in that category might cite black officials as not having helped him or her avoid or get through the crisis, and by extension, see these leaders as not working to reduce overall black business failure rates.

Source of original financing is also expected to influence respondent perceptions. If a business owner relied mostly on personal funds when launching a business, it is possible that she or he did not get adequate loans. It is also possible that black officials could have been blamed for not assisting in this endeavor.

Local racial climate is expected to be positively associated with the dependent variable. Those with higher assessments of local race relations may be more likely to perceive that black official actions have been taken to reduce black business failure rates.

Age, education, and city urbanization level should have positive associations with perceived black official efforts to reduce black business failure rates. Males are expected to be more likely to see these officials as being helpful in this regard. Finally, residential neighborhood is expected to have a positive relationship with perceptions of black official efforts to reduce black business failure rates.

H16. There is a positive association between the ownership of an emerging type of business and perception of white official help in lowering black business failure rates.

Business type is expected to positively affect the perceived role of white officials in lowering local black business failure rates. The reasons are the same as those in H15.

As in H15, the business site of a respondent is expected to have an influence on the dependent variable. Those outside the inner city are more likely to perceive that the white officials are being helpful.

As in H15, the help by a public official (in this case, a white official) is important. If a white official has helped a respondent, that person may be more likely to believe that white officials are working to lower local black business failure rates.

A respondent who has faced a business crisis may be less likely to perceive white official efforts to reduce black business failure rates. The reasons are the same as those for H15.

Higher opinions about local racial climate should be positively associated with beliefs about white reduction efforts of black business failure rates. Source of original business financing, age, education, gender, and level of city urbanization should have the same influence as in H15.

Residential neighborhood should have a positive impact upon perceptions of white official efforts to reduce black business failure rates.

Listing of Variables

Some of the variables to be analyzed have been recorded in order to assure that the positive responses have the higher values. For example, the "yes" response to the survey question regarding past business crises was lower in value than "no." These responses have been reversed to ensure that the affirmative answer had the higher value.

In some cases, such as business site, variables that were originally categorical in nature were collapsed to make dichotomous variables. An example is business type. The fourteen categories of business were collapsed into "traditional" and "emerging" types of businesses. Traditional business areas are in retail, personal service, beauty or barber shops, restaurants, and nightclubs. Emerging areas are the fields of transportation and communications, manufacturing, finance, insurance, and real estate (called FIRE by Bates, 1993b), professional service, construction or contracting, business service, wholesale, doctor or medical, and attorney.

In other instances, variables that were originally ordinal in nature were collapsed to create dichotomous variables. An example is level of black official help.

While it was formerly listed in Chapter 3 as "none," "some," or "a lot," for future purposes it has been collapsed into "none" and "some". In cases such as these, so few respondents listed "a lot" that the variables were very skewed in response patterns. As a result, "a lot" was collapsed into the designation of "some."

One ordinal variable, local racial climate, has been modified to have fewer designations. The designation known as "excellent," which had no responses, has been collapsed into "good." The responses "poor" and "fair" were not changed.

Following is a listing of variables that are used in analyzing the data collected during this project. They are divided into classes of dichotomous, ordinal, and continuous. For dichotomous and ordinal variables, the values are listed in parentheses immediately after the name of the variables, with the lowest coded values on the left. For example, education has been constructed as a dichotomous variable. In the variable listing that follows, those with less than a four-year college degree are coded lower than those with baccalaureates. In the parentheses that follow the name "education," the leftmost designation is for those respondents with less than a college degree. The designation for college degrees is on the right.

DICHOTOMOUS VARIABLES (low values on left, high values on the right in parentheses):

Education (less than a bachelor's degree/bachelor's or above)

Gender (female/male)

Business site (inner city/outer)

City (Daytona-less urbanized/Jacksonville-more urbanized)

Business type (traditional/emerging)

Client base (inner city residents/non-inner city residents)

Past crises (no/yes)

Loan difficulty (easy/hard)

Source of financing (personal/bank)

Main original obstacle (not finances/finances)

Black help (none/some)

White help (none/some)

Black official lowering of failure rates (none/some)

White official lowering of failure rates (none/some)

Government agency help (none/some)

Set-aside program participation (no/yes)

Residence (inner city neighborhood/ non-inner city neighborhood)

ORDINAL VARIABLES (lowest values listed on the left)

Race climate (poor, fair, good)

Community race (mostly white, equal mix, mostly black)

CONTINUOUS VARIABLES

Age

Age2 (term that squared age; created to account for curvilinear relationships)

1993 gross sales (whole dollar amounts)

1994 employees (whole numbers)

Length of operation (in numbers of years)

Rating of overall success (scale of 1 to 10)

Correlation Matrices

In the tables that follow, correlation matrices are presented. Dependent variables to be used in regression models later in this project are listed across the top of each table. Independent variables are listed on the left side of each table.

Not all the independent variables will be used for multivariate analysis. Most that will not be used are omitted due to multicollinearity concerns, or because they are not relevant to the hypotheses being tested.

In each of the following tables, a Pearson correlation coefficient is listed for each bivariate test. Immediately below this, coefficient, the number of cases is listed in parentheses. This is followed by a listing of a one-tailed level of significance.

Table 4.1 Correlation Matrix for 1993 Sales, Number of 1994 Workers, Number of Years in Business, and Type of Business

	93Sale	#Workers	#Years	Business type
Age	-.126 (69) p=.151	-.065 (95) p=.266	.563 (95) p=.000	.132 (95) p=.101
Age2	-.133 (69) p=.137	-.075 (95) p=.236	.579 (95) p=.000	.120 (95) p=.123
Education	.165 (72) p=.083	.076 (102) p=.220	-.064 (102) p=.263	.197 (102) p=.023
City	.171 (72) p=.075	.046 (102) p=.325	-.361 (102) p=.000	.116 (102) p=.122
Gender	-.111 (72) p=.177	-.157 (100) p=.059	-.056 (100) p=.290	.190 (100) p=.029
Business site	-.114 (72) p=.170	-.110 (102) p=.136	-.368 (102) p=.000	.056 (102) p=.289
Business type	.206 (72) p=.041	.072 (102) p=.235	.035 (102) p=.363	1.000 (102) p=.
Black help	.095 (71) p=.216	.139 (100) p=.084	-.048 (100) p=.319	-.034 (100) p=.368
White help	.131 (71) p=.139	.158 (99) p=.059	.155 (99) p=.063	.002 (99) p=.491
Govt help	.073 (70) p=.233	-.086 (99) p=.199	-.088 (99) p=.193	.226 (99) p=.012
Race climate	.053 (71) p=.329	.001 (98) p=.462	.111 (98) p=.139	-.148 (98) p=.073

Table 4.1 (Cont.)

	93Sale	#Workers	#Years	Business type
Residence	.029 (71) p=.329	.061 (99) p=.275	-.359 (99) p=.000	-.061 (99) p=.275
Comm. Race	-.090 (72) p=.225	-.096 (100) p=.172	.287 (100) p=.002	.083 (100) p=.205

Table 4.2 Correlation Matrix for Primary Clients, Self-Assessment of Success Level, Past Business Crisis, and Loan Difficulty

	Clients	Success	Past crisis	Loan difficulty
Age	-.029 (94) p=.390	-.037 (92) p=.364	-.108 (91) p=.154	-.048 (83) p=.333
Age2	-.059 (94) p=.287	-.049 (92) p=.323	-.132 (91) p=.106	-.021 (83) p=.426
Education	-.016 (101) p=.438	.057 (99) p=.288	-.124 (98) p=.113	-.376 (86) p=.000
City	.277 (101) p=.003	-.090 (99) p=.187	-.001 (98) p=.494	-.083 (86) p=.223
Gender	.025 (99) p=.404	.039 (97) p=.352	.012 (96) p=.456	.018 (83) p=.437
Business site	.479 (101) p=.000	.009 (99) p=.466	-.075 (98) p=.232	-.015 (86) p=.447
Business type	.258 (101) p=.005	.109 (99) p=.141	-.058 (98) p=.287	-.083 (86) p=.223

Table 4.2 (cont.)

	Clients	Success	Past crisis	Loan difficulty
Black help	.018 (99) p=.431	.086 (98) p=.200	-.115 (96) p=.132	.153 (84) p=.082
White help	.042 (98) p=.311	.096 (97) p=.174	.154 (96) p=.067	.118 (83) p=.144
Govt help	.129 (98) p=.103	.068 (97) p=.255	.094 (95) p=.183	.029 (83) p=.396
Race climate	.089 (97) p=.193	-.016 (96) p=.438	-.150 (94) p=.075	-.211 (82) p=.029
Residence	.232 (98) p=.011	.171 (96) p=.048	-.074 (95) p=.240	-.231 (85) p=.017
Comm. race	-.062 (99) p=.273	-.128 (97) p=.106	.144 (96) p=.081	.174 (86) p=.055

Table 4.3 Correlation Matrix for Source of Original Business Financing, Main Original Obstacle, Black Official Help, and White Official Help

	Source	Main obstacle	Black help	White help
Age	.093 (95) p=.186	.062 (87) p=.286	.021 (93) p=.421	.224 (92) p=.016
Age2	.068 (95) p=.256	.059 (87) p=.295	.032 (93) p=.382	.200 (92) p=.028
Education	-.056 (102) p=.290	.109 (92) p=.151	-.066 (100) p=.259	-.018 (99) p=.143

Table 4.3 (cont.)

	Source	Main obstacle	Black help	White help
City	-.215 (102) p=.015	-.086 (92) p=.207	.162 (100) p=.023	-.095 (99) p=.174
Gender	.034 (100) p=.370	-.009 (92) p=.467	-.040 (98) p=.349	.110 (97) p=.143
Business site	-.142 (102) p=.078	-.023 (92) p=.415	.086 (100) p=.198	-.050 (99) p=.311
Business type	-.056 (102) p=.290	-.035 (92) p=.372	-.034 (100) p=.368	.002 (99) p=.491
Black help	.034 (100) p=.368	.000 (90) p=.500	1.000 (100) p=.	.215 (99) p=.016
White help	.077 (99) p=.224	.016 (89) p=.440	.215 (99) p=.016	1.000 (99) p=.
Govt Help	-.209 (99) p=.019	-.033 (89) p=.381	.252 (99) p=.006	.336 (98) p=.000
Race climate	.014 (98) p=.445	.163 (88) p=.065	-.066 (98) p=.260	.091 (97) p=.189
Residence	-.079 (99) p=.220	.008 (91) p=.471	-.006 (97) p=.476	-.001 (96) p=.496
Comm. Race	.036 (100) p=.361	-.096 (92) p=.181	-.054 (98) p=.300	.060 (97) p=.281

Table 4.4 Correlation Matrix for Black Official Reduction of Black Business Failures, White Official Reductions of Black Business Failures, and Government Agency Help

	Black reduction	White reduction	Govt help
Age	-.069 (88) p=.261	.053 (88) p=.313	-.009 (92) p=.467
Age2	-.060 (88) p=.289	.045 (88) p=.338	.003 (92) p=.489
Education	.070 (95) p=.250	-.038 (95) p=.356	.091 (99) p=.186
City	.195 (95) p=.029	.193 (95) p=.031	.176 (99) p=.041
Gender	.031 (93) p=.383	.096 (93) p=.181	.181 (97) p=.038
Business site	.097 (95) p=.176	.017 (95) p=.436	.012 (99) p=.453
Business type	.070 (95) p=.250	.190 (95) p=.033	.226 (99) p=.012
Black help	.293 (95) p=.002	.144 (95) p=.083	.252 (99) p=.006
White help	.139 (95) p=.090	.343 (95) p=.000	.336 (97) p=.000
Govt help	.228 (94) p=.013	.248 (94) p=.008	1.000 (99) p=.

Table 4.4 (cont.)

	Black reduction	White reduction	Govt help
Race climate	.014	.001	-.058
	(94)	(94)	(97)
	p=.448	p=.497	p=.286
Residence	.213	.117	.096
	(92)	(92)	(96)
	p=.021	p=.133	p=.177
Comm. race	-.135	-.014	-.080
	(98)	(93)	(97)
	p=.098	p=.448	p=.217

Table 4.5 Correlation Matrix for Set-aside Participation Within the Past Five Years

	Set-aside
Age	-.070
	(94)
	p=.251
Age2	-.085
	(94)
	p=.207
Education	-.124
	(101)
	p=.108
City	.170
	(101)
	p=.045
Gender	-.063
	(99)
	p=.267
Business site	.085
	(101)
	p=.200
Business type	.151
	(101)
	p=.066

Table 4.5 (cont.)

	Set-aside
Black help	.335 (99) p=.000
White help	.221 (98) p=.014
Govt help	.317 (98) p=.001
Race climate	-.174 (97) p=.044
Residence	.039 (98) p=.350
Comm. race	.088 (99) p=.192

CHAPTER 5 RESULTS OF MULTIVARIATE ANALYSIS

The hypotheses were tested using regression analysis. When the dependent variables were dichotomous, logistic regression was used. Linear regression was used when the dependent variables were continuous or interval in nature. Each hypothesis is repeated prior to the presentation of the models displaying the analytical results.

The following model presents results of a logistic regression that examines factors influencing the type of business owned by a respondent. The hypothesis being tested is as follows: there is a positive association between the location of a business outside the inner city and incidence of non-traditional business ownership (i.e., emerging type of business). A Pearson correlation between these variables (from Table 4.1), revealed little association. The coefficient was .06, with a significance of .29 (Table 4.1). Given this finding from a bivariate hypothesis test, it is possible that no relationship will be found when the hypothesis is subjected to a more rigorous test.

Table 5.1 Logistic Regression Model of Type of Business

Variable	Coefficient	Standard Error
Age	.045	.026
City	1.173	.680
Education	.927	.562
Gender	.473	.573
Business site	.263	.572
Race climate	-.766	.418
Residence	-.738	.744
Comm. race	-.021	.342
Constant	-2.983	2.643
-2 Log likelihood	91.755	
% correctly predicted	75.82%	
Number of cases =	91	
Significance of model =	.104	

* significant at .05

** significant at .01

*** significant at .001

Indeed, Table 5.1 reveals that the hypothesis is not supported when subjected to logistic regression. This could be due to the fact that several of the Jacksonville respondents own non-traditional businesses that are technically in the inner city. Indeed, city is marginally significant (.08) in a positive direction. This suggests that the more urbanized municipality of Jacksonville is somewhat more likely to have businesses which are emerging. Two of the other independent variables, age and education, are also marginally significant (.09 and .10, respectively). Education is especially interesting, as Bates (1993b) asserts that more educated entrepreneurs are likely to own these types of businesses.

Respondent perception of business help by local black officials was also examined. The hypothesis is as follows: there is a positive association between ownership of an

emerging type of business and perception of help by black officials. A Pearson correlation revealed a coefficient of $-.03$, with a significance level of $.37$ (from Table 4.3). The preliminary indication is that business type has no significant association with perceptions of help by black officials.

Table 5.2 Logistic Regression Model of Black Official Help

Variable	Coefficient	Standard Error
Age	.027	.024
Education	-.029	.544
Gender	-.481	.555
City	1.313	.697
Business type	-.355	.581
Race climate	-.428	.387
Residence	-.988	.667
Comm. Race	-.434	.315
Business site	.571	.532
Constant	-.352	2.554
-2 Log likelihood	108.244	
% correctly predicted	65.93%	
Number of cases =	91	
Significance of model =	.623	
* significant at .05		
** significant at .01		
*** significant at .001		

Logistic regression reveals that the hypothesis is not supported (Table 5.2). The results of the bivariate test pointed to this finding (Table 4.3). Perhaps this is due to the fact that the respondents generally felt that black officials were not helpful (see Chapter 3). However, "city" is very close to being significantly ($.06$) and positively associated with perceptions of black official assistance. This could be due to the fact that Jacksonville has had several powerful black public officials for several years.

The next issue to be addressed was the perception of business help by local white officials. The hypothesis stated: there is a positive association between ownership of an emerging type of business and perception of help by white officials. A Pearson correlation test revealed a coefficient of .002, with a significance level of .49 (Table 4.3). This bivariate hypothesis test suggests that no significant association exists between the variables of interest.

Table 5.3 Logistic Regression Model of White Official Help

Variable	Coefficient	Standard Error
Age	.062*	.027
City	.105	.669
Education	-1.023	.546
Gender	.350	.580
Business site	.017	.535
Business type	-.120	.578
Race climate	.029	.385
Residence	.738	.699
Comm. race	.048	.313
Constant	-3.966	2.743
-2 Log likelihood	102.620	
% correctly predicted	74.44%	
Number of cases =	90	
Significance of model	.310	

* significant at .05	** significant at .01	
*** significant at .001		

Given the bivariate results, it should not be surprising that this hypothesis was not supported when subjected to logistic regression (Table 5.3). This could be due to fact that most respondents did not feel that white officeholders had been helpful (see Chapter 3). Apparently, it is irrelevant whether the business owners have traditional or non-traditional types of businesses. Nor does the business site

(inner city/outside the inner city) appear to have an impact. However, age is significantly associated ($p=.02$) with the dependent variable. Age is associated with the acquisition of skills and attributes, including credit record, that make one a stronger entrepreneur (Bates, 1993b; Butler and Herring, 1991; Sullivan and McCracken, 1988). It is possible that these entrepreneurs in stronger financial condition are more likely to seek out, as well as receive, help from white officials.

Education has a negative association with white official help that approaches significance ($p=.06$). Sigelman and Welch (1991) argue that educated blacks are somewhat more likely to see anti-black discrimination (aimed against themselves) than are less-educated blacks. While this model is not testing for discrimination by white officials, the more educated respondents apparently see white officials as being less helpful to them than black entrepreneurs with lower educational attainment.

Following is a model showing the results of a logistic regression run to assess factors influencing assistance by government agencies. The hypothesis stated: there is a negative association between the location of a business outside the inner city and perception of agency help. This is based on the argument by Bates (1993b) that most government policy toward black businesses has been geared toward inner city enterprises. A bivariate test of the hypothesis

revealed a Pearson correlation coefficient of .012, with a significance level of .45 (from Table 4.4). At least at the bivariate level, little association was found.

Table 5.4 Logistic Regression Model of Government Agency Help

Variable	Coefficient	Standard Error
Age	-.026	.028
City	.505	.708
Education	1.027	.666
Gender	.906	.646
Business site	-.163	.564
Business type	1.141	.630
Black help	.925	.563
Race climate	-.187	.408
White help	1.977**	.644
Residence	-.107	.702
Comm. race	-.162	.344
Constant	-7.995**	3.111
-2 Log likelihood	95.572	
% correctly predicted	65.17%	
Number of cases =	90	
Significance of model =	.005	
* significant at .05		
** significant at .01		
*** significant at .001		

Consistent with the results of the bivariate analysis, this hypothesis is not supported by the multivariate analysis (Table 5.4). However, business type approaches significance ($p=.07$) in a positive association. This suggests that emerging types of businesses are more likely to receive agency help. This somewhat contradicts Bates, who, in addition to arguing that the inner city has gotten a disproportionate amount of agency assistance, also contends that traditional black businesses have received most of the agency help (Bates, 1993b). The strongest independent

variable in the model is white help. Those who received assistance from white officials also reported help from government agencies. Since there were more white officials in office in both cities, it is possible that some of these public servants were better connected to agencies than were their black colleagues.

Relative difficulty experienced by respondents in obtaining loans from white banks or other lending institutions was also examined. The logistic regression model that follows is a test of the hypothesis that: there is a negative association between the location of a business outside the inner city and level of overall difficulty in obtaining a bank loan. A Pearson correlation test resulted in a coefficient of $-.015$, with a significance level of $.447$ (from Table 4.2). The suggestion is that no association exists between these variables.

Not surprisingly, this hypothesis is not supported by the multivariate analysis (Table 5.5). The location of a business had no apparent relationship with the perceived ease or difficulty in obtaining loans from white banks or other lending institutions. Additionally, the type of business owned was not found to be a significant predictor of level of loan difficulty. Bates asserts that, in comparison to whites, it is harder for black business owners to receive loans (1993b).

Among blacks, owners of black emerging firms and those whose businesses are outside the inner city have less difficulty than their counterparts (Bates, 1993b). However, it seems that be the case that black capitalists in Daytona Beach and Jacksonville have difficulty in accessing funds from white banks irrespective of business location or business type.

System help (i.e., public official or agency help) was not found to be related to the ability to obtain loans (Table 5.5). The ineffectiveness of public officials in this economic sphere is not inconsistent with Button (1989), who finds that officials (and he referred to black officials) were more effective in addressing public sector problems than in alleviating private sector inequalities.

Local racial climate approached significance ($p=.09$), in a negative direction (Table 5.5). This indicates that those who found race relations to be poorer were more likely to report difficulty in obtaining loans. This is understandable when one considers that the survey question addressing loan difficulty asked: "How easy or difficult has it been for you to get business loans from white banks or lending institutions?" The term "white banks" was intended to place the question of black entrepreneurial access to loans in a racial context. Likewise, the question on local racial climate asked: "Overall, how would you rate relations between blacks and whites in this area?" The results sug-

gest (they were not statistically significant) that those who found race relations to be less desirable were more likely to report loan difficulty.

Table 5.5 Logistic Regression Model of Loan Difficulty

Variable	Coefficient	Standard Error
Age	.034	.033
City	-.118	.759
Education	-10.090	35.944
Gender	-.175	.657
Business site	.099	.601
Race climate	-.733	.432
Govt help	.597	.660
White help	-.275	.719
Black help	.945	.718
Business type	-.186	.806
Constant	19.247	71.924
-2 Log likelihood	70.552	
% correctly predicted	71.43%	
Number of cases =	77	
Significance of model =	.005	
* significant at .05		
** significant at .01		
*** significant at .001		

The next model examines the effects of independent factors on the primary source of original business financing. The hypothesis stated: there is a negative association between the location of a business outside the inner city and incidence of using primarily personal funds to finance a business. Bates asserts that businesses in the inner city are more likely to be financed by mostly personal monies. He further posits that those businesses begun primarily with personal funds, as opposed to bank funds, are at a disadvantage. A bivariate test resulted in a Pearson correlation coefficient of $-.142$, with a significance level of $.078$

(from Table 4.3). No significant association was found in this bivariate test.

Likewise, the hypothesis is not supported by the more sophisticated analysis. The regression coefficient indicates a negative association (Table, 5.6), but it is statistically insignificant. Further, the type of business owned had no apparent effect on whether the entrepreneur used primarily personal funds to start a business. However, level of loan difficulty is strongly and negatively associated with the incidence of using primarily personal funds to finance a business (Table 5.6). In essence, the harder it was to obtain a loan, the more likely it was that the business owner used her or his own funds (and not those from a bank) to begin the business.

Table 5.6 Logistic Regression Model of Primary Source of Original Financing

Variable	Coefficient	Standard Error
Age	.024	.032
City	-1.187	.724
Education	-1.121	.790
Gender	.420	.658
Business site	-.026	.589
Govt help	-.785	.671
Black help	1.043	.679
White help	.157	.702
Loan difficulty	-1.882**	.720
Race climate	-.285	.434
Business type	-.288	.695
Constant	4.982	3.317
-2 Log likelihood	79.018	
% correctly predicted	76.62%	
Number of cases =	77	
Significance of model	.123	

* significant at .05

*** significant at .001

** significant at .01

The next multivariate analysis reported is a logistic regression that investigated the effects of independent variables on the main obstacle often faced by the entrepreneurs. The hypothesis stated: there is a negative association between ownership of an emerging type of business and the likelihood that finances are the main obstacle when beginning a business. This is based on the assertion by Bates (1993b) that emerging types of businesses are more likely to have been founded with more money than their traditional counterparts. Although he maintains that capitalization problems are a major problem for all black businesses, Bates (1993b) posits that this issue is not as acute for non-traditional businesses. A correlation test of the hypothesis resulted in a Pearson correlation coefficient of $-.035$, with a significance level of $.372$ (from Table 4.3).

As suggested by the bivariate results, the hypothesis is not supported by the multivariate analysis (Table 5.7). Business site also failed to whether or not finances were the main obstacle faced by the respondents. City urbanization level was somewhat related to the dependent variable. Although this variable was not significant ($p=.11$), there is a suggestion that those in more urbanized Jacksonville were less likely to cite finances as the main obstacle.

Table 5.7 Logistic Regression Model of Main Original Obstacle

Variable	Coefficient	Standard Error
Age	-.018	.027
City	-1.105	.696
Education	.432	.713
Gender	-.207	.610
Business type	.912	.700
Black help	.397	.614
Govt help	-.263	.649
White help	.534	.663
Loan difficulty	-1.472*	.714
Business site	-.877	.572
Source	.574	.658
Constant	3.153	3.163
-2 Log likelihood	84.133	
% correctly predicted	67.61%	
Number of cases =	71	
Significance of model	.224	

* significant at .05
 ** significant at .01
 *** significant at .001

Curiously, the only significant independent variable is loan difficulty, although it is negatively associated with the dependent variable (Table 5.7). This suggests that those with higher levels of loan difficulty are likely to cite some problem other than finances as the main obstacle. There were certainly a plethora of early hurdles facing these businessowners. These included racism, fear of failure, difficulties in getting black customers, and other challenges (Table 3.46).

The next model is of a logistic regression that examined the effects of independent variables on the reported incidents of past business crises by respondents. The hypothesis is as follows: there is a negative association

between the location of a business outside the inner city and incidence of business crises. A bivariate test of this hypothesis revealed a Pearson correlation coefficient of $-.075$, with a significance level of $.232$ (from Table 4.2).

The multivariate analysis had several interesting findings. While the significance level precluded supporting the hypothesis, the role of black officials was found to be significantly ($p=.007$) and negatively associated with past businesses crises (Table 5.8). In spite of the fact that most respondents indicated that they had not received help from black officials, this finding suggests that those who were helped were less much likely to have faced business crises.

Further, the data suggest that older respondents were less likely to have faced business crises (Table 5.8), although the relationship is not significant ($p=.07$). Finally, there was a significant and positive relationship between reported loan difficulty and business crises, as one would expect (Table 5.8).

Table 5.8 Logistic Regression Model of Past Business Crisis

Variable	Coefficient	Standard Error
Age	-.061	.033
City	1.035	.798
Education	.026	.734
Gender	-.388	.652
Govt help	.042	.697
Black help	-1.828**	.683
White help	1.227	.742
Business site	-.380	.613
Business type	-.328	.700
Loan difficulty	2.715**	.883
Race climate	.071	.441
Constant	-1.796	3.161
-2 Log Likelihood	75.141	
% correctly predicted	76.00%	
Number of cases =	75	
Significance of model	.007	

* significant at .05

** significant at .01

*** significant at .001

Following is an examination of the geographical client base of the respondents. The hypothesis stated: there is a positive association between the ownership of an emerging type of business and a client base outside the inner city. A bivariate hypothesis resulted in a Pearson correlation coefficient of .258, with a significance level of .005 (from Table 4.2).

Logistic regression analysis supports this significant bivariate association (Table 5.9). It appears that blacks owning non-traditional enterprises are more likely to have clients from outside the inner city. In terms of business growth, this is an encouraging phenomenon, since Bates (1993a and 1993b) asserts that clients from outside the inner city are more likely to have the spending power to

sustain the growth and development of these enterprises. Similarly, Butler (1991) posits that successful minority businesses have diversified client bases. Additionally, there is a significant and positive relationship between city and client base (Table 5.9). The more urbanized municipality was more likely to have clients from outside the inner city.

Table 5.9 Logistic Regression Model of Primary Client Base

Variable	Coefficient	Standard Error
City	1.323*	.639
Education	-.641	.649
Gender	-.393	.598
Age	-.009	.026
Business type	1.555*	.618
Black help	.100	.614
Govt help	.404	.617
White help	.058	.662
Race climate	.590	.410
Source	-.198	.582
Constant	-3.567	2.640
-2 Log likelihood	91.805	
% correctly predicted	76.14%	
Number of cases =	88	
Significance of model =	.081	

* significant at .05

** significant at .01

*** significant at .001

The model that follows shows a linear regression of factors influencing the number of years a respondent has been in business. The hypothesis is as follows: there is a positive association between the location of a business outside the inner city and length of operation. A bivariate test revealed a Pearson correlation of $-.368$, with a significance level of $.000$ (from Table 4.1). While association

is suggested, it is in the opposite direction from that in the hypothesis.

From Table 5.10, it is obvious that the hypothesis is not supported by linear regression analysis. Apparently, the association of business site loses significance when other independent variables are included in the model. Indeed, the strongest independent variable is age. This is consistent with the contention that age is positively associated with the business skills and financial background that are conducive with entrepreneurship (Bates, 1993b; Butler and Herring, 1991; Sullivan and McCracken, 1988).

It is also obvious that education has a significant and negative association with the dependent variable. At first glance, this may appear counter-intuitive, given that Bates (1993b) asserts that businesses run by less educated owners are more likely to fail. However, from what Bates (1993a and 1993b) has described, the increasing incidence of black businesses owned by college-educated owners is a fairly recent occurrence. In any case, the disparity in mean years of ownership is relatively slight. Those without college degrees had a mean of 14 years of operation, while those with at least a bachelors degree had a mean of 13 years.

Additionally, respondents from residential neighborhoods outside the inner city (Table 5.10) were likely to have owned businesses for shorter time periods. This finding is somewhat surprising, as inner-city neighborhoods are seen

as weak areas for developing entrepreneurial talent (Bates, 1993b). These capitalists are not expected to develop lasting enterprises (Bates, 1993b). However, inner-city black entrepreneurs in this study are more likely than their colleagues to have inveterate enterprises.

It is also clear that those with less difficulty obtaining loans were likely to have survived (Table 5.10). This finding is to be expected. [Despite the similar regression coefficients and significance levels of loan difficulty and residence, a two-tailed Pearson test for inter-correlation resulted in a coefficient of only -.23.]

Table 5.10 Linear Regression Model of Number of Years in Business

Variable	Coefficient	Beta
Age	.429	.433***
City	-1.235	-.050
Education	-6.061	-.245*
Gender	-1.884	-.078
Black help	-.301	-.013
Govt help	-.253	-.012
White help	-.564	-.025
Business site	-1.718	-.080
Business type	-.679	-.027
Loan difficulty	-7.345	-.314**
Residence	-7.665	-.338**
(Constant)	40.558***	
R Square	.506	
Adjusted R2	.425	
Number of cases	= 79	
Significance of model	= .0000	

* significant at .05

** significant at .01

*** significant at .001

This project next addressed factors impacting upon participation in minority set-aside type programs within the

past five years. The hypothesis states: there is a positive association between ownership of an emerging type of business and incidence of set-aside participation. A Pearson correlation test resulted in a coefficient of .151, with a significance level of .066 (from Table 4.5).

The hypothesis was supported in this multivariate operation. The significance level of business type decreased from .066 in the Pearson correlation to .0257 in the logistic model. While the association was marginally significant in the bivariate analysis, the multivariate model indicates that the association between business type and set-aside participation was even less likely to be by chance. In fact, business type was the strongest predictor of set-aside participation in the model (Table 5.11). This supports the position by Bates (1993a and 1993b) that the emerging types of businesses are the most likely to have the attributes conducive to taking part in these programs.

The other variables that had an impact were black help and white help (Table 5.11). These findings are very important. Although most respondents did not report receiving help from black or white officials (see Chapter 3), the assistance that was rendered was very important in determining who participated in set-aside programs. This is consistent with Browning, Marshall, and Tabb (1990) who assert that localities with minority officeholders have seen an increase in minority participation in government contracts.

[Despite similar regression coefficients and significance levels, a two-tailed Pearson correlation resulted in an intercorrelation of only .22 between black help and white help. Government agency help was not included in the model, since the set-aside programs are administered by agencies. It was excluded to avoid possible circularity problems.]

Table 5.11 Logistic Regression Model of Set-Aside Program Participation During the Past Five Years

Variable	Coefficient	Standard Error
Age	-.007	.035
City	1.421	1.255
Education	-1.223	.738
Gender	-1.284	.827
Black help	1.488*	.696
White help	1.628*	.740
Business type	3.476*	1.264
Business site	.954	.725
Race Climate	-.684	.593
Comm. Race	.272	.396
Constant	-8.904*	4.061
-2 Log likelihood	61.096	
% correctly predicted	80.90%	
Number of cases =	89	
Significance of model =	.0015	
* significant at .05		
** significant at .01		
*** significant at .001		

The next issue to be addressed was sales. The model below tests for factors influencing gross sales for 1993. The hypothesis stated: there is a positive association between the location of a business outside the inner city and the gross sales of the business. A bivariate hypothesis test resulted in a Pearson correlation coefficient of -.114, with a significance level of .170 (from Table 4.1). Linear regression analysis revealed a significant association

between the variables of interest, but in the opposite direction from that which was hypothesized (Table 5.12). But even Bates concedes the occurrence of "isolated instances in the ghetto of successful businesses (Bates, 1993b, 5)."

In the case of this data set, the inner city firms have the highest mean incomes. While conceding that mean sales figures may be skewed upward, they can be compared across city locations for patterns. For the aggregate sample, inner city businesses had mean 1993 sales of \$514,302, which was more than the \$333,369 for other sites. When the cities are examined separately, the inner city businesses in both Daytona Beach and Jacksonville are found to have much higher mean sales figures. (Possible explanations for these patterns are explored in Chapter 6.)

Education approached significance ($p=.08$), with a positive association (Table 5.12). This is consistent with the argument by Bates (1993b) that more educated entrepreneurs own more affluent businesses. Another variable that approaches significance ($p=.10$) is gender (Table 5.12). Its direction is negative, suggesting that women entrepreneurs had larger sales figures. Contrary to what has been written about the role of gender in entrepreneurship, the women respondents for this study were in businesses that achieved higher sales levels. With the caveat that these are mean (as opposed to median) sales figures, black women entrepreneurs had mean sales levels of \$548,813, while male respon-

dents reported mean 1993 sales of \$357,990. Further, the women in this study were somewhat better educated than were men. While 69 percent of male respondents had at least a four-year college degree, 76 percent of women had reached this educational level. Since Bates (1993a and 1993b) posits that more educated black capitalists have higher sales, perhaps the educational disparity favoring women accounts for the gender differences in this study.

Neither agency help, nor that by black or white officials, was seen as an influence on 1993 sales. This contradicts findings by Bates and Williams (1993) that black entrepreneurs in cities with black officials have more sales than areas without black officials. While the cities in this project did not (unlike the Bates and Williams work) have black mayors, Jacksonville (as noted previously) had strong black officials for several years before this research was undertaken.

Table 5.12 Linear Regression Model of Approximate Gross Sales for 1993

Variable	Coefficient	Beta
Age	- 15174.608	-.215
Business site	-451495.146	-.283*
City	386456.313	.207
Education	466256.465	.255
Gender	-398137.863	-.229
Black help	139793.759	.083
White help	389836.034	.231
Main obstacle	-346121.266	-.217
Set-aside	79099.619	.042
Business type	150384.189	.079
Govt help	-109690.822	-.068
(Constant)	610395.771	
R Square	.267	
Adjusted R2	.109	
Number of cases = 63		
Significance of model = .103		

* significant at .05		
** significant at .01		
*** significant at .001		

Numbers of employees was investigated next. The following model tested for factors impacting upon the number of workers a respondent had in 1994. The hypothesis stated: there is a positive association between the location of a business outside the inner city and present (1994) numbers of employees. A correlation test resulted in a Pearson correlation coefficient of $-.110$, with a significance level of $.136$ (from Table 4.1). As suggested by this bivariate analysis, the hypothesis is not supported by the multivariate test (Table 5.13). Government agency help is found to be a significant factor, but the association is negative. This could support the contention by Bates (1993b) that most agency programs are aimed at businesses that are least

likely to thrive, which would include those with fewer employees.

Neither black help nor white help appears to be an influence on numbers of employees. The lack of influence of black officials somewhat contradicts the finding by Bates and Williams (1993) that black business owners in cities with black officials (particularly mayors) have comparatively more employees.

Conversely, approximate gross sales for 1993 is a positive influence on the dependent variable (Table 5.13). This is consistent with the contention of Bates (1993b) that businesses with larger incomes can hire more workers.

Table 5.13 Linear Regression Model of Number of Workers in 1994

Variable	Coefficient	Beta
Age	-.221	-.081
City	2.308	.032
Education	3.559	.052
Gender	-6.714	-.101
Black help	8.968	.142
Govt help	-14.932	-.248*
White help	10.743	.168
Business site	-5.924	-.098
Business type	2.852	.040
93Sale	.00001	.492***
(Constant)	11.174	
R Square	.417	
Adjusted R2	.312	
Number of cases = 67		
Significance of model = .0004		
* significant at .05		
** significant at .01		
*** significant at .001		

The next issue to be addressed was overall success. The following model shows the multivariate test for self-assessment of business success. The hypothesis stated: there is a positive association between the ownership of a an emerging type of business and perceptions of overall success. A Pearson correlation test resulted in a correlation coefficient of .109, with a significance level of .141 (from Table 4.2). While the hypothesis is not supported by the bivariate analysis, linear regression supported the hypothesis (Table 5.14). Additionally, gross sales for 1993 is significantly and positively associated with success.

Of the official modes of assistance, only black official help is significant for this model (Table 5.14). The irony of this finding is some of the most stinging respondent commentary on agencies or officials were made about the perceived lack of help by black officials (Table 3.18). It appears that although most respondents reported receiving no help from black officials, those who did receive assistance were more likely to consider their businesses to be successful.

This especially seems to the case in Daytona Beach. The New South respondents were more likely than the Jacksonville sample to assert that no black official assistance had been given to them (Table 3.18). However, Daytona Beach respondents also considered themselves more successful than their Jacksonville counterparts (see Chapter 3). In the regres-

sion model, city is very nearly significant ($p=.06$) as an a determinant of success (Table 5.14). And since the relationship with success is negative, this suggests that being from Daytona Beach may be an indicator of success.

Table 5.14 Linear Regression Model of Self-Assessment of Success Level

Variable	Coefficient	Beta
Age	-.014	-.073
City	-1.202	-.245
Education	-1.045	-.222
Gender	.937	.203
White help	-.369	-.083
Black Help	1.378	.315*
Govt help	.775	.187
93Sale	.0000006	.256*
Set-aside	-.598	-.125
Past crisis	-1.657	-.395**
Business type	1.330	.271*
(Constant)	8.064**	
R Square	.366	
Adjusted R2	.235	
Number of cases = 65		
Significance of Model = .006		

* Significant at .05		
** Significant at .01		
*** significant at .001		

While the bulk of this project has focused upon issues directly affecting the respondents, the final two issues addressed in this research do not necessarily have direct impacts upon the respondents. As discussed in Chapter 4, these hypothesis tests are intended to measure black entrepreneurial beliefs that black or white officials were acting to help black businesses survive. In essence, these hypotheses test whether or not these public officials are helping local black business development at the most basic level.

These issues are the perceived roles of black and white officials in reducing black business failure rates in their local areas.

The first of these logistic regression analyses addressed black officials. The hypothesis states: there is a positive association between the ownership of an emerging type of business and perception of black official help in lowering black business failure rates. When tested by bivariate analysis, a Pearson correlation coefficient of .070 was found, with a significance level of .250 (from Table 4.4)

As was the case in the bivariate test, the hypothesis was not supported by the higher level of analysis. The only significant factor was black help (Table 5.15). Those who had themselves received some assistance from black officials were more likely to perceive that these public servants had helped lower black business failure rates. This finding is consistent with the finding by Bates and Williams (1993) that cities with black public officials have lower area black business failure rates.

Table 5.15 Logistic Regression Model of Black Official Efforts to Reduce Black Business Failure Rates

Variable	Coefficient	Standard Error
Age	-.003	.027
City	.330	.793
Education	.269	.639
Gender	.202	.627
Business site	-.290	.566
Business type	-.100	.622
Black help	1.633**	.551
Past crisis	-.266	.541
Residence	1.006	.682
Race climate	.072	.381
Source	-1.267	.651
Constant	-3.334	3.045
-2 Log likelihood	92.639	
% correctly predicted	70.24%	
Number of cases =	84	
Significance of model =	.082	

* significant at .05		
** significant at .01		
*** significant at .001		

The final hypothesis addressed factors influencing efforts by white officials to reduce local black business failure rates. The hypothesis stated: there is a positive association between the ownership of an emerging type of business and perception of white official help in lowering black business failure rates. The first hypothesis test, of bivariate association, resulted in a Pearson correlation coefficient of .190, with a significance level of .033 (from Table 4.4)

Table 5.16 Logistic Regression Model of White Official Efforts to Reduce Black Business Failure Rates

Variable	Coefficient	Standard Error
Age	.043	.034
City	2.081*	1.061
Education	-.685	.690
Gender	-.115	.673
White help	1.508*	.627
Business site	-.187	.638
Business type	1.261	.793
Past crisis	.503	.584
Residence	.145	.706
Race climate	-.254	.448
Source	-1.709*	.808
Constant	-7.747*	3.580
-2 Log Likelihood	77.981	
% correctly predicted	77.38%	
Number of cases =	84	
Significance of model =	.0115	

* significant at .05
 ** significant at .01
 *** significant at .001

Although the bivariate test suggested a significant positive association between business type and perceived white reduction of black business failure rates, the hypothesis was not supported by the logistic regression model (Table 5.16). However, respondents who had received help from white officials posited that white officials had helped lower black business rates. This finding is consistent with the findings of Whitby (1985 and 1987), and Overby and Cosgrove (1996). These scholars argue that areas with significant proportions of black constituents have more responsive white representatives. (Whitby, 1985 and 1987; Overby and Cosgrove, 1996).

Whitby (1985 and 1987), and Overby and Cosgrove (1996), also argue that more urbanized areas have more responsive white officials. In this research, the increased urbanization of a city (i.e., Jacksonville is more urbanized than Daytona Beach) is significantly and positively associated with a perception that white officials have worked to reduce black business failure rates (Table 5.16).

Concluding Comments

Bates (1993b) has argued that black businesses face three major obstacles: geographic considerations (too many are locked into inner city locations, which are out of the economic mainstream); capitalization problems; and court challenges to set-aside programs. He asserts government policies supporting emerging types of enterprises are the best means for assisting black business development (Bates 1993a and 1993b). These businesses are more likely to have been founded with solid financing, have greater potential to make money and create jobs, and are more likely to be able to participate in lucrative set-aside programs (Bates, 1993a and 1993b). Additionally, Bates and Williams (1993) argue that cities with black officials (especially mayors) have lower local black business failure rates, increased sales levels of black businesses, and businesses with more employees.

The data used in this project were somewhat unique in several ways. First of all, the black entrepreneurs in this study had high sales relative to national figures. While black capitalists nationally averaged \$52,000 in sales in 1992 (Mergenhagen, 1996), the median gross sales (1993) for this sample were \$132,500. The most profitable businesses were in the inner city areas, which was not expected (Bates, 1993a and 1993b). But inner-city businesses had much higher mean sales than their those in other locations.

Additionally, most of the inner-city enterprises were of emerging types of businesses, which was very surprising (Bates, 1993a and 1993b). These non-traditional types of firms most have been deemed likely to be successful in a variety of ways, but it was also assumed that an inner-city business site was not conducive to the development and survival of such firms (Bates, 1993b).

The enterprises in this study were better employers than most black businesses nationally. As of 1992, only ten percent of black businesses had paid workers beyond the owner, compared to 18 percent of all U.S. firms (Mergenhagen, 1996). However, more than 85 percent of the businesses in this work had at least one full-time employee (Chapter 3). In addition, the median number of employees was three.

The multivariate analyses in this chapter sought to test hypotheses drawn primarily on the work of Bates. The

major difference between this work and that of Bates is that while his research relies upon economic and social indicators, this research utilizes the perceptions of black business owners for the quantitative data.

Since this is a political science project, the impact of public officials and agencies are of utmost importance. The effects of these players in this research are moderate. It was enlightening to learn that these factors were seen as having little independent influence on such issues as loan difficulty (Table 5.5), source of original financing (Table 5.6), number of years a business had been operating (Table 5.10), or approximate gross sales (Table 5.12).

The reverse was true in other cases. Black help and white help were important factors in determining whether a respondent participated in a set-aside program (Table 5.11). Black official help was also a significant and positive factor in determining whether or not a respondent felt successful (Table 5.14).

In sum, many of the hypothesized associations were not supported by quantitative analysis. However, it is worth noting that this project used surveys to explore issues previously addressed by analyzing economic and social data. This research is important because it is a political science project that explores the attitudes of black business owners themselves. In a time in which policies toward minority business development are becoming increasingly

important on all political levels, it is vital to have input from the minority (in this case, black) business owners.

Perhaps more input of this nature will aid public officials and agencies in future dealings with minority entrepreneurs. At the very least, this study obtained feedback from black business owners about the policies and policymakers who can impact them. The survey results, then, have provided valuable information.

CHAPTER 6 CONCLUSION

In light of this research, what can be said about the politics of black business development? An important step in addressing this question is to assess black entrepreneurship in the communities which were studied. Since Bates (1993a and 1993b) argues that the best hope for black business development is the continued growth of emerging types of black firms, the impacts of business type are the first to be considered.

Emerging Firms: Does Business Type Matter?

First of all, more than seventy percent of the businesses responding from the cities of Daytona Beach and Jacksonville are emerging types of enterprises. Jacksonville was more likely to have such firms. This is to be expected, since most of the works done by Bates (1993a and 1993b) that involve these business types have highly urbanized locales.

However, most of the respondents from the less urbanized city of Daytona Beach, also owned these types of firms. While this is somewhat surprising, Button (1989) points out

that the New South city has a sizeable middle class and historically black Bethune-Cookman College. Bates asserts that people with more money to invest in a business, as well as those with college educations, are more likely to own emerging types of businesses (Bates, 1993a and 1993b). These factors may make the resort city unique among less urbanized areas. In any case, Florida has the fourth largest numbers of black businesses (40,371 as of 1992) nationally (Mergenhagen, 1996). The fact that two of its cities also have sizeable numbers of businesses deemed most conducive to black business development is encouraging.

What is very surprising about the emerging businesses in this study is that many were in inner-city locations (the impact of location is discussed later in this chapter). This was why the hypothesis that there was a positive association between the location of a business outside the inner city and incidence of non-traditional (i.e., emerging) business ownership was not supported (Table 5.1). Bates (1993a and 1993b) had asserted that the emerging firms would be located outside the inner cities. However, there was no significant relationship between business location and business type.

Business type did not have a significant impact on perceptions of assistance by black officials or white officials (Table 5.2). This is somewhat surprising, especially since Bates (1993a and 1993b) and Bates and Williams assert

that emerging types of businesses are in the best position to be assisted by government officials, and particularly by black officials. However, one of the primary ways that these scholars asserts that city officials assist these firms is through set-aside programs (Bates, 1993a and 1993b; and Bates and Williams, 1993).

Although set-aside programs will be discussed in more detail later, the two cities have had difficult times with set-aside programs. These problems, particularly in Jacksonville, may have kept officials of any race from using this method of assisting the owners of the very types of firms that could have most readily benefitted from the help of these officeholders.

Apart from set-asides, however, black business owners criticized their local officeholders for not helping them. One owner of an emerging business asserted that even when black business owners discover strategies to effect long-term solutions to problems that they face, black officials do not adopt these initiatives (Entrepreneur 229 interview, October 27, 1994).

Another owner of a non-traditional black enterprise voiced a conviction that the lack of help by black officials may be due to personal reasons. He/she said of black officials:

"if they did [help], it was indirect. There is jealousy among 'peers' if a black person is halfway successful. The 'rank and file' black folks are okay. It's the 'peers'

of successful blacks who are a problem (Entrepreneur 12, December 13, 1994)."

While not a significant predictor of help by a government agency (Table 5.4), business type approached significance ($p=.07$) in a positive direction. This suggested that emerging black businesses were more likely to obtain help from agencies. This is contradictory to Bates (1993b), who argues that traditional businesses have gotten the bulk of agency assistance. Perhaps the agencies in these cities are beginning to focus more of their program funds on emerging businesses.

Business type was not a significant predictor of loan difficulty (Table 5.5). While Bates (1993b) asserts that it is easier for those owning non-traditional businesses (as opposed to traditional firms) to obtain loans, these funds are difficult to obtain.

Indeed local racial climate is the strongest independent variable among those tested, although it is only marginally significant ($p=.09$). Bates (1993a and 1993b) maintains that racism is a salient issue in loan practices by banks. He argues that even when applicants are the same in terms of all other factors, blacks have more difficulty receiving loans, and get smaller loans (Bates, 1993b).

One owner of an emerging business who asserted that Daytona Beach was "one of the most racist cities in the state of Florida" (Entrepreneur 12, interview, December 13,

1994) related how difficult it was to obtain a loan. When the entrepreneur tried to borrow money for equipment, "they [banks] wanted my house and the equipment for collateral. I wound up going to a black bank in Orlando. They only used the equipment for collateral" (Entrepreneur 12, December 13, 1994).

In response to a question about local racial climate, another business owner said only that "blacks will be black; whites will be white" (Entrepreneur 47, December 12, 1994). However, this respondent also indicated that it was very difficult to get a loan for his/her emerging type of business. In fact, the respondent said that "I never got one. I quit trying eight years ago" (Entrepreneur 47, December 12, 1994). When asked whether it was harder for blacks to get loans, this entrepreneur indicated that it was much harder. This survey answer was so common (Table 3.14), that it was not used in any bivariate or multivariate analyses.

Over 90 percent of those surveyed indicated that it was either somewhat harder or much more difficult for blacks to get business loans (Table 3.14). The capitalist previously discussed talked about her/his perceived role of race in the lending industry: "Most bank employees are white. The 'good ol' boy' system is in place" (Entrepreneur 47, December 12, 1994).

Business type had no significant relationship with either the primary source of financing (Table 5.6) or with

the main obstacle experienced by entrepreneurs when beginning their establishments (Table 5.7). Bates (1993a and 1993b) lists capitalization problems as the most important hurdle facing black business owners. Still, the author of this work had predicted that those owning emerging firms would be significantly less likely to have used mainly personal funds to start their firms. Likewise, it had been anticipated that these entrepreneurs would be less likely to list finances as the major obstacle. Finally, the incidence of past business crises was not found to be significantly associated with type of business (Table 5.8).

In assessing the role of business type in issues of business financing, then, it seemed not to be important whether one owned a traditional or emerging type of business. The owners of the latter were about as likely to perceive various difficulties in financial issues.

The work of Bates (1993b and 1993b) was supported when one examines the relationship between type of business and client base (Table 5.9). Those owning emerging firms were more likely to have a client base outside the inner city. This finding is somewhat contradictory to those of Bates, because a large proportion (47 percent) of the non-traditional businesses in this study are located in the inner city. Bates (1993a and 1993b) asserts that emerging businesses would be most likely to locate outside the inner city. In light of the finding for this study, it could be

argued that many of these black businesses may remain in the inner city and still reap the benefits of a diversified (and according to Bates, more affluent) client base.

Business type was not found to be a factor in length of business ownership (Table 5.10). However, it was found to be significantly and positively associated with respondent use of set-asides (Table 5.11). It is also noteworthy that black and white officials were good indicators of set-aside use. It seems that Bates (1993a and 1993b), and Bates and Williams (1993) are supported in their position that emerging firms are best able to benefit from set-aside programs. Additionally, these scholars argue that in areas with black officials, and especially mayors, emerging black businesses benefit. The cities in this study had no black mayor, but Jacksonville, which had the majority of set-aside participants, had powerful black city council members and other officials. A black agency official there asserted there were not enough city contracts with black businesses (Agency interview, December 15, 1994). This respondent also argued that the efforts of her/his office had prompted city officials (race notwithstanding) to become more active in aiding black business development (Agency interview, December 15, 1994).

Business type was not significantly associated with gross sales, although emerging firms were more likely to have higher sales. However, business site was significantly

and negatively associated with sales (Table 5.12). Since many of the large firms were in the inner city, that in itself is not shocking.

Business type is positively associated with numbers of employees, although it is not significantly so (Table 5.13). The approximate gross sales are significantly and positively associated with numbers of workers. The way in which these questions were originally framed is very important. The sales item asked the respondents to list their approximate gross sales for 1993 (Table 3.8). The entrepreneurs were also asked how many workers they had in 1994 (Table 3.3). It can be argued that higher sales may make it possible to hire more employees. Bates (1993a and 1993b) asserts that emerging firms can create employment. While it is shown that the emerging firms have significantly added to employment figures, sales are significantly related to increased numbers of workers (Table 5.13).

Black businesses were more likely to see themselves as successful when they were emerging businesses (Table 5.14). Bates (1993a and 1993b) argues that emerging businesses are more likely to be successful than traditional ones. For this research, black entrepreneurs were asked to list their success level on an ascending success scale of one to ten (Table 3.7). This self-assessment was based on comparison to other black businesses of which the respondent was aware.

There was no significant relationship between business

type and perception that black officials had acted to help reduce black business failure rates (Table 5.15). Likewise, there was evidence that business type affected whether respondents saw white officials acting to reduce black business failure rates (Table 5.16).

There may indeed be a gulf between what black business owners and public officials feel this role should be, regardless of the type of business involved. One white city official in Daytona Beach asserted that "the government doesn't owe anyone the right to stay in business" (Official Interview 3, December 7, 1994). However, this public servant also added that the city had seminars to help business owners (race notwithstanding) launch their enterprises (Official Interview 3, December 7, 1994).

In sum, business type has a very important role in many aspects of black entrepreneurship. This variable was more important in several instances than business site even though some of the hypothesis tests used business site as the independent variable of interest (see Chapters 4 and 5 for the hypothesis statements). This does not mean that business site was not important. Since Bates (1993a and 1993b) maintains that one of the other major challenges to continued black business development is geographic problems stemming from the fact that many black businesses are traditional and remain in weak inner city markets, business site is assessed next.

Business Site: Is it Location, Location, Location?

Not every hypothesis test involving business site is reviewed here. A significant proportion of the previous discussions involved business sites.

One finding that clearly stands out in this research is the fact that the inner city is not as desolate in all municipalities as the locales studied by Bates (1993a and 1993b). Bates notes that "despite isolated instances of in the ghetto of successful businesses, the overall pattern that emerged was something of a disaster. Highly educated black managers are increasingly locating their businesses in nonminority areas, and they are catering to nonminority clients" (1993b, 5).

He also argues that the black businesses in these areas "reflect the economic circumstances of the clientele" (Bates, 1993b, 5). But how does one account for the fact that 47 percent of the inner city survey respondents owned emerging types of businesses?

It could possibly be the case that segregationist customs in these Florida cities have simply made it impossible for these businesses to leave the inner city. Such a case could be made for Jacksonville. Its Northside Business Services Center is located in "the urban core," which a city official noted (Official Interview 4, December 14, 1994) was predominantly black. This speaks to the fact that there are

racially definable areas of the city. The 1990 Census lends support to this argument. That census revealed that at least 76 percent of the city had areas that were at least 90 percent black or white (Brown, 1991). Finally, the city was cited for having the worst civil rights record in Florida during an 1992 investigation of several state cities by the United States Commission on Civil Rights (Gainesville Sun, May 14, 1996, A4).

But the argument that emerging Jacksonville black business owners are being kept inside the inner city markets by white racism is countered by other patterns. First, more than half the emerging businesses are outside the inner city.

But these explanations do not account for the fact that business site is negatively and significantly influential on gross sales for 1993 (Table 5.12). The inner-city enterprises were making the most money. In light of arguments by Bates (1993b) about the inviability of inner-city businesses, one would expect the sales of inner-city firms to be much lower than those of their suburban counterparts. Additionally, 68 percent of the inner-city firms are owned by college graduates. Bates (1993b) asserts that inner city firms that do manage to survive are more likely to be owned by high school dropouts than by college graduates. The sample studied simply did not fit the dismal picture drawn by Bates (1993a and 1993b) of inner-city enterprises.

One of the questions that could be raised in light of this finding is whether the black businesses have a successful ethnic enclave (Butler, 1991). Many of these businesses are in inner city areas, which are heavily populated by blacks. Additionally, many are emerging firms (although Butler does not use this term), which means that they can provide employment for other blacks in the area. The inner city firms have higher sales than suburban ones (Table 5.13), as well as higher median sales than the national averages for black firms (see Mergehnagen, 1996). Further, it has been shown that the firms with higher sales figures hire more employees (Table 5.14).

It is theoretically possible that, particularly in Jacksonville, an black ethnic enclave is at least in its incipient stages. An ethnic enclave is "a distinctive economic formation, characterized by the spatial concentration of immigrants who organize a number of enterprises to serve their own ethnic market and the general population" (Butler, 1991, 28; Portes and Bach, 1985).

Obviously, black Americans are not immigrants in the traditional sense. They are the descendants of forced emigres from Africa. However, blacks tend to live in segregated communities, which would meet the concentration criterion specified by Butler (1991). Additionally, more than seventy percent of the respondents in this study own emerging firms (a term used by Bates but not by Butler).

The successful ethnic enclave resembles the center economy in that it has national and international markets, technologically advanced means of production and distribution, and is highly diversified (Butler 1991). While most of the black businesses in the study do not have national or international markets, they do have markets beyond the inner city and their ethnic group. These are encouraging signs for an enclave. Most of the businesses in the study have full-time paid employees, unlike 90 percent of black businesses, and 82 percent of all firms (race notwithstanding) nationwide (Mergenhagen, 1996). The relationship between 1993 sales and numbers of employees in 1994 is significant and positive, suggesting that the more affluent firms are hiring more people.

Finally, most of the firms have predominantly black workforces. About 74 percent had completely black workforces (Table 3.12). This indicates that these businesses, with their above-average median incomes, are continuing to hire black workers. Bates (1993a and 1993b) has argued that successful black businesses would create jobs and continue to maintain mostly black employees. Although Bates does not use the term ethnic enclave, these employment developments are consistent with ethnic enclaves in many ways (Butler, 1991). While Bates (1992a, and 1993b) posits that these businesses cannot flourish and create employment in inner

city environments, there is evidence to the contrary in this work.

Public Officials: Help or Hindrance to Development?

Butler (1991) is not an advocate of governmental action as the primary means for blacks to achieve the beginnings of an ethnic enclave. There are profound ironies in this position.

First of all, he acknowledges the role of government in putting black Americans into the periphery (Averitt, 1968) of the economy--with small firms that have restricted markets (Butler, 1991; Butler and Wilson, 1988). Further, Butler (1991) goes to great pains to build upon and demonstrate the economic detour theory of M.S. Stuart (1940).

He builds a virtually irrefutable model which clearly illustrates the methods by which, for most of the history of this nation, black Americans were systematically kept out of prime business districts and prevented from getting the financial backing needed to fully take part in entrepreneurship (Butler, 1991). Their path to self-employment was, in a real sense, circumvented. The scholar also echoes Stuart (1940) in pointing out that while those blacks who did become entrepreneurs were restricted to black markets, other racial and ethnic groups could establish enterprises in black neighborhoods as well as non-black areas (Butler, 1991).

In light of the excellent manner in which Butler (1991) expands on the economic detour theory (Stuart, 1940), the former does not push for major institutional involvement in black business development. While Butler (1991) does not deny that discrimination continues to be a very real part of the American landscape (1991), he argues that the best way to assist black business development is at the grassroots level.

This scholar asserts that black Americans should become a new middleman minority (Butler, 1991). By reintroducing the idea of self-help to black Americans, Butler argues that "values pertaining to education, family and self-motivation follow almost automatically" (1991, 327). He posits that it is essential for:

"people without the credentials which are needed to operate in the larger society--especially if they are from an oppressed minority group--to develop means so they will not fall to the bottom of the of the economic ladder. Community and broad-based entrepreneurship, which includes the enterprises stationed inside and outside the Afro-American community, must be developed (Butler, 1991, 328)."

While Butler does not advocate that the government has no place in black business development, it is clear that he believes there should be a grassroots return to what he saw as the self-help approach of past generations of blacks (1991). This approach is somewhat similar to that taken by Booker T. Washington, who pressed more for self-help than governmental policies (Butler and Wilson, 1988).

After considering all the work on black entrepreneurship reviewed for this project, it is the opinion of the author that Butler (1991) and Bates (1993a and 1993b) have different views of the role of black entrepreneurship in helping black Americans. Bates (1993a and 1993b) favors a strong governmental presence to ensure that the emerging black firms, run by college educated people with broad markets, can develop employment that will then redound to inner city blacks in the form of employment with the emerging firms in the suburbs. He obviously believes that the inner city has no potential to develop black businesses within its own milieu (Bates, 1993a and 1993b).

Butler (1991) seems to believe that black business is best developed on the grassroots level by people of the black underclass. He posits that black Americans can re-learn self-help, and that this will lead them to value education and family (Butler, 1991). The government should work to make conditions favorable for black economic development, but it is clear that the black American needs to return to the self-help mode of past generations (Butler, 1991).

Butler seems to be more of a gradualist than Bates. The approach of the former would presumably lead to future generations of blacks who are better off than those unable to compete in the economic mainstream---hence the need to become entrepreneurs (Butler, 1991). Bates (1993a and

1993b) appears to demand immediate action. His approach seems to be that once the government reasserts its power, the most advantaged blacks can help those who are in the urban underclass through job creation (Bates, 1993b).

Final Assessments

After conducting research in two Florida cities, the author has come to the conclusion that the great potential for black business development found in Daytona Beach and Jacksonville will not be realized by unwavering adherence to the solutions offered by either Bates or Butler. Butler (1991) seems too willing to diminish the responsibility of public officials and institutions. After so convincingly demonstrating the systematic and often nefarious ways in which governmental units kept black Americans in an economically subordinate position for centuries, Butler (1991) disappointingly seems to put the onus of economic development on black Americans.

While the role of governmental institutions and officials advocated by Bates (1993a and 1993b) is vital, he seems to have very little respect for the inner cities and the people who live there. Since this study is a case study, it certainly has its limitations. However, there is preliminary evidence that, at least among the respondents from the Florida research sites, some emerging businesses do stay in the inner city and do well. Perhaps this is because

many of the government offices designed to assist black business development either located in the inner city or are very near the inner city areas of both cities. Additionally, some inner-city businesses have a diversified client base. Not all of the inner city is an entrepreneurial and social wasteland. Another encouraging sign is the fact that some of the traditional businesses were located outside the inner city, which would certainly give them a chance to expand their markets.

None of the preceding criticism of Bates should be construed as an attempt to diminish the great contribution Bates (1993a and 1993b) and Bates and Williams (1993) have made to the study of the role of institutional forces in black business development. Quite clearly, they show that court challenges to set-asides, problems of capitalization (i.e, the underfunding by banks), and redlining need to be systematically researched. The work of Bates and Williams (1993) on the effects of black officials on black business development allows a scholar to expand research on the role of racial issues in the American political landscape.

In the final analysis, the greatest contribution from Bates is his willingness to bring racism into the center of his research agenda. While some other scholars (e.g., Butler, 1991; Woodson, 1988) seem reluctant to describe the roles racism plays in black business development, Bates addresses it in a straightforward manner.

This author shares the conviction of Feagin and Vera that "racial prejudices and ideologies still undergird and rationalize widespread white discrimination against people of color (1995, ix)." In the context of this research, it was clear qualitatively that racism was a major consideration among the people being surveyed. This was the case both among black business owners and among some black officials and agency personnel. One black agency employee said that race relations "have affected everything in Jacksonville. There are more problems in economics in the black community due to racism" (Agency interview, December 15, 1994). In another instance, a black city official in Jacksonville abruptly ended an interview with the author when asked whether race relations had affected the way in which local officials had tried to assist black business development (Official Interview 4, December 14, 1994). The official said "I can't answer that. I know this [interview] is supposed to be confidential, but I can't answer that" (Official Interview 4, December 14, 1994).

Especially in the context of Jacksonville, it became increasingly clear that the progress that has been made in black business development can be derailed if issues of race are not effectively addressed. In Jacksonville, the mayor rejected a set-aside ordinance that would have awarded women and blacks contracts (Donnelly, 1992). This was one in a long series of such events in that city. After the U.S.

Commission on Civil Rights released a report in April, 1996 citing Jacksonville for having the worst civil rights record in Florida (based on 1992 interviews conducted in Jacksonville and other Florida cities), city officials insisted that the report was based on outdated information (Gainesville Sun, May 14, 1996, 4A). The 1992 panel was held during a period when Jacksonville was experiencing deep racial problems. Black activists were arrested for protesting for a set-aside plan within the Jacksonville City Council chambers (Saunders, 1992). A 1995 attempt by an NAACP official to create a minority tourism bureau was denounced by the head of the area convention bureau as divisive (Daniels, 1995). The NAACP official cited lack of black representation on the area bureau as his reason for the move (Daniels, 1995). The head of the tourism development council, which funded the area bureau, evinced shock, stating that "...I think we have worked well with the African American community" (Daniels, 1995).

Another controversy about set-asides occurred in 1995. The city exempted from the local set-aside program a \$20 million project to renovate a historic building into the new city hall (Wisckol, 1995). This angered black city council members (Wisckol, 1995).

With all these ongoing racial problems, it is perhaps not surprising that when the race relations report was released in 1996, whites and blacks saw it differently. The

U.S. Commission on Civil Rights invited thirty people to attend a series of follow-up briefings in the wake of the report (Kaggwa, 1996).

Of the twenty invitees who actually attended the meetings, sixteen were black Americans (Kaggwa, 1996). Mayor John Delaney, who was not in office when the Commission visited in 1992, insisted that Jacksonville had more black elected and appointed officials than in 1992 (Kaggwa, 1996). However, black leaders insisted that most blacks in office were in ceremonial positions, and that the city had failed to encourage black economic opportunities (Kaggwa, 1996).

The irony of all this racial turmoil is that both black official help and white official help were influential in getting black entrepreneurial participation in set-aside programs (Table 5.11). While not many respondents received overall help from black or white officials (Tables 3.18 and 3.23, respectively), the assistance rendered was very important in enabling respondents to participate in set-aside programs. The overwhelming majority of set-aside participants in the study were from Jacksonville.

The irony of all this is that black business development has real potential in these locales. Both cities have large numbers of emerging businesses, and both cities have client bases that include many people from outside the inner city. In spite of the differences that the author has with Butler over the extent to which government should be in-

volved in black business development, it would benefit a great number of people and communities if an ethnic enclave or even a new middleman minority community develops.

First, however, the issue of race should be confronted in an unflinching manner. Only in a conducive climate will longterm black business development occur. Moreover, this development will benefit all. As one black entrepreneur stated: "Hurting black economics hurts all of Daytona..." (Entrepreneur 12, December 13, 1994).

Future research should focus more deeply upon the relationship between government officials and entities and black business development. This would entail an examination of the level of interest in black business development by officials and agencies.

The framework under which this research be conducted would involve both the tripartite system of domination (Morris, 1984), and modified resource mobilization theory (Button, 1989). Earlier in this work, it was argued that the personal and political dimensions of the tripartite system of domination were addressed by resource mobilization. In short, Jim Crow policies were abolished by a combination of black actions, government help (particularly at the federal level, Blumberg, 1991; Button, 1989), and an overall support of desegregation by the nation as a whole (Button, 1989).

The third element of the tripartite system, economic issues, particularly those of black entrepreneurship, have not been as successfully addressed (Blumberg, 1991; Button, 1989). This was for several reasons. For most of this century, mainstream black empowerment organizations and leaders did not support black entrepreneurship (Butler, 1991; Butler and Wilson, 1988; Lincoln, 1994). They often fought those who did so (Butler and Wilson, 1988; Lincoln, 1994) on the grounds that those groups were supporting black separatism.

An early example of this was the fact that W.E. B. DuBois discouraged blacks from following the advice of Booker T. Washington to establish black businesses (Butler and Wilson, 1988). Later, civil rights leaders pressured the federal government to prosecute a proponent of black entrepreneurship, Marcus Garvey (Lincoln, 1994). White philanthropic organizations who supported the mainstream black groups also pressured black civil rights organizations to reject black entrepreneurship (Butler and Wilson, 1988).

The federal government, through Supreme Court rulings such as Richmond v Croson (1989) has also proven to be reluctant to support black business development (Bates, 1993a and 1993b). The majority of white Americans have also proven to be, at best, grudging supporters of black business development (Blumberg, 1991)

In spite of these facts, this research has found that there are instances wherein black business development has been supported by black and white local government officials, as well as government agency assistance. Future research should examine the factors leading to this support. It seems that when at least one of these modes of support is present, black business are less likely to have faced crises (Table 5.8), and more likely to have been involved in set-asides (Table 5.11) and to have overall success (Table 5.14). Further, when one of these types of help is present, black and white officials are seen as having worked to reduce local black business failure rates (Tables 5.15 and 5.16).

These findings are demonstrative of government support. It can be asserted that local government can be an important factor in resource mobilization. Most black advances have come about because of federal government support (Button, 1989). Bates (1993a and 1993b) also argues that this is the case in terms of set-asides. However, there is evidence in this work and in others (Bates and Williams, 1993) that local assistance is also important. And since cases such as Croson (Bates, 1993b) are sending a message that federal support is decreasing, research should focus on what factors contribute to local support.

Racial issues need to be studied in more detail as well. While local racial climate was not a direct factor in

many of the hypothesis tests conducted for this project, race continues to influence the politics of economic development. The continuing struggles in Jacksonville speak to this fact.

Additionally, some 91 percent of the respondents for this project (Table 3.14) indicated that it was somewhat harder or much more difficult for black business owners to obtain loans from white banks and lending institutions. The extremely skewed pattern of responses rendered this question useless for multivariate analysis. But more research should be conducted into the reasons for black entrepreneurial convictions about this sort of economic discrimination.

Residential neighborhood as a factor in loan size should also be examined in more detail. Nearly 60 percent of respondents indicated that black businesses in black neighborhoods received either much smaller or somewhat smaller loans than black enterprises in white areas (Table 3.15). This is consistent with the work of other researchers (Bates 1993b). It is also interesting to note that only 15 percent of respondents indicated that neighborhood racial makeup was not a factor in loan size (Table 3.15). While this question was not used in multivariate analysis due to lack of meaningful variation (only about 1 percent of respondents believed that black neighborhood businesses received larger loans), future questions should focus on determining the reasons for this pattern of responses.

Future research should also examine the reasons for lack of confidence in government agencies. Approximately 76 percent of respondents indicated that all levels of agencies (federal, state, and local) should do more to help black businesses (Table 3.31). While this factor was not examined by multivariate analysis, future analysis should address the types of additional assistance black business owners should receive from these institutions.

Finally, more work needs to be done on reasons for the success that exists in the inner city. Since this work found that successful businesses do exist in the inner cities of Jacksonville and Daytona Beach, further analysis should be conducted on those enterprises.

In conclusion, the political science research on black business development is in its incipient stages. Since this is the least addressed area, especially in relation to public officials and institutions, and since black economic issues are increasingly regarded as vital to black advancement, political factors bear more examination.

APPENDIX A
FIRST COVER LETTER TO BLACK BUSINESS OWNERS

September 30, 1994

Dear Business Owner:

I am Russell Benjamin, a black doctoral student working on my dissertation in political science at the University of Florida. Black economic development is increasingly seen as a way for black Americans to more fully participate in society. However, relatively little is known about the politics and impact of black economic development. The purpose of this study is to examine the politics and impact of black economic development in the Florida cities of Daytona Beach and Jacksonville. As part of this study, questionnaires are being sent to black business owners, local elected officials, and agency personnel who are involved in some aspect of black business development.

You have been identified as someone who could answer questions pertinent to this community. In order for this study to truly represent attitudes in this area, it is important that each questionnaire be completed and returned.

This study will be completely confidential. The questionnaire has an identification number for mailing purposes only. This will allow us to check your name off the mailing list when your questionnaire is returned. Your name will never be placed on the questionnaire.

There is no monetary compensation for participation. We will provide (upon request) you with a copy of an executive summary of the results of this study.

We would be happy to answer any questions you may have. Please write or call. The telephone numbers are (904) 392-0262 or (904) 373-5368.

Thank you for your assistance.

Cordially,

Russell Benjamin, Co-Principal Investigator

James Button, Professor and Principal Investigator

APPENDIX B
FOLLOW-UP POSTCARD TO BLACK BUSINESS OWNERS

Last week a questionnaire was sent seeking your input about the politics of black economic development in your community.

If you have already completed and returned the survey please accept my thanks. If not, please do so today. It is very important to return your survey so that study will more truly show the opinions of black businessowners in your city.

If you did not receive the questionnaire, or if it got misplaced, please call me at (904) 373-5368 and I will mail you one today.

Sincerely,

Russell Benjamin
Co-Principal Investigator

APPENDIX C
SECOND COVER LETTER TO BLACK BUSINESS OWNERS

November 1, 1994

Dear Business Owner:

About three weeks ago I wrote you seeking your opinions on the politics and impact of black economic development in your community. As of today I have not yet received your completed questionnaire.

This research is being done because of the belief that the opinions of black businessowners should be taken into account in the formation of public policies for black economic development.

As a black doctoral student, I feel it is especially important that blacks give their input on issues that affect them.

Each questionnaire is very important to this study. In order for the results of this study to be truly representative of the opinions of black businessowners in your city, it is essential that each person in the study return their questionnaire.

Your questionnaire should be completed by the owner of your business.

In the event that your questionnaire has been misplaced, a replacement has been enclosed. When all the questionnaires have been received and analyzed, I will send you a summary of the results of the study.

Your cooperation is greatly appreciated. If you have any questions, please call at (904) 373-5368.

Cordially,

Russell Benjamin, Co-Principal Investigator

James Button, Professor and Principal Investigator

APPENDIX D
INFORMED CONSENT STATEMENT

INFORMED CONSENT PROCESS

UFIRB Project #94.298: Black Entrepreneurs and
the Politics of Economic Development
Dr. J Button, Russell Benjamin

I am (James Button/Russell Benjamin), Professor/Doctoral
candidate in Political Science at the University of Florida.

The purpose of this study is to examine the politics and
impact of black economic development in Daytona Beach and
Jacksonville, Florida. You have been identified as someone
who could answer questions pertinent to this community. This
interview will be anonymous. Your name will not be used on
the interview form, and we will not use your name in any
published paper or document; nor will we reveal any infor-
mation by which others could identify you. This interview
will take 30 to 45 minutes. There is no monetary compensa-
tion for participation. However, we will provide (upon
request) you with a copy of an executive summary of the
results of this study.

You do not have to answer any question you do not wish to
answer. You are free to withdraw your consent and discon-
tinue participation at any time. Do you have any questions
concerning this study? (Answer any questions)

May we begin?

APPENDIX E
QUESTIONNAIRE FOR BLACK BUSINESS OWNERS

Please complete all questions in this survey by circling the appropriate response or by listing information requested.

SECTION A: The following questions are asked to gain a general profile of black businesses.

Q1 What type of business do you own? (Please circle the correct response)

- 1 RETAIL
- 2 TRANSPORTATION, COMMUNICATIONS
- 3 MANUFACTURING
- 4 FINANCE, INSURANCE, AND REAL ESTATE
- 5 PROFESSIONAL SERVICE
- 6 PERSONAL SERVICE
- 7 BUSINESS SERVICE
- 8 CONSTRUCTION OR CONTRACTING
- 9 WHOLESALE
- 10 OTHER. Please specify : _____

Q2 How many YEARS have you operated this business? _____

Q3 How many full-time employees do you presently have? _____

Q4 Approximately how many full-time employees did you have 5 years ago? _____

Q5 Where is your business located? (Please circle the correct response)

- 1 INNER CITY NEIGHBORHOOD
- 2 CENTRAL CITY BUSINESS DISTRICT
- 3 SUBURBS
- 4 RURAL AREA
- 5 OTHER. Please specify: _____

Q6 Who are your primary clients or customers? (Please circle the correct response)

- 1 INNER CITY RESIDENTS
- 2 SUBURBAN RESIDENTS
- 3 RURAL RESIDENTS
- 4 CENTRAL CITY DISTRICT BUSINESSES
- 5 SUBURBAN BUSINESSES
- 6 FEDERAL, STATE, OR LOCAL GOVERNMENT
- 7 OTHER. Please specify: _____

Q7 Below is a scale representing levels of business success, with 1 being "least successful" and 10 being "most successful." Using this scale, how successful do you feel your business is in comparison to other black businesses that you know of? (Please circle the best response)

1	2	3	4	5	6	7	8	9	10

LEAST SUCCESSFUL					MOST SUCCESSFUL				

Q8. What were your approximate gross sales for last year (1993)? _____

Q9 What were your approximate gross sales five years before that (1988)? _____

Q10 Have you ever gone out of business, even for a short time? (Please circle the correct response)

- 1 YES
- 2 NO

Q11 Have you ever come close to going out of business? (Please circle the correct response)

- 1 YES
- 2 NO

Q12 About what percent of your current employees are black?

SECTION B: These questions relate to some of the conditions which may have affected your business financing.

Q13 How easy or difficult has it been for you to get business loans from white banks or lending institutions? (Please circle the correct response)

- 1 VERY EASY
- 2 SOMEWHAT EASY
- 3 SOMEWHAT DIFFICULT
- 4 VERY DIFFICULT
- 5 DON'T KNOW

Q14 How important do you think RACE is in determining whether you get a business loan? (Please circle the correct response)

- 1 It is MUCH HARDER for black businessowners to get loans
- 2 It is SOMEWHAT HARDER for black businessowners to get loans
- 3 Race is NOT a factor in getting business loans
- 4 It is SOMEWHAT EASIER for black businessowners to get loans
- 5 It is MUCH EASIER for black businessowners to get loans
- 6 I don't know whether or not race is important

Q15 How important do you think the RACE of the people in the neighborhood near your business is in determining the SIZE of your business loan? (Please circle the correct response)

- 1 Black businessowners in black neighborhoods get MUCH SMALLER loans
- 2 Black businessowners in black neighborhoods get SOMEWHAT SMALLER loans.
- 3 Race of the people in the neighborhood is NOT a factor.
- 4 Black businessowners in black neighborhoods get SOMEWHAT LARGER loans.
- 5 Black businessowners in black neighborhoods get MUCH LARGER loans.
- 6 I don't know if race is important.

Q16 What was the primary source of the original financing of your business? (Please circle the correct response)

- 1 PERSONAL FUNDS
- 2 COMMERCIAL BANK LOANS
- 3 FINANCING BY A GOVERNMENTAL AGENCY
- 4 OTHER. Please specify: _____

SECTION C: These questions examine beliefs about the role of local elected or appointed officials in black business development.

Q17 Are there blacks in local public office (i.e., city or county council, school board, etc.) in your city?

- 1 YES
- 2 NO
- 3 DON'T KNOW

If YES, how many (approximately)? _____

Q18 How much have local black officials HELPED you with your business?

- 1 A LOT
- 2 SOME
- 3 NOT AT ALL

If A LOT or SOME, please list THE MOST IMPORTANT way:

Q19 In your opinion, how much have local black officials helped to REDUCE black business failure rates in this area?

- 1 A LOT
- 2 SOME
- 3 NOT AT ALL

If A LOT or SOME, please list THE MOST IMPORTANT way:

Q20 How much have local white officials HELPED you with your business?

- 1 A LOT
- 2 SOME
- 3 NOT AT ALL

If A LOT or SOME, please list THE MOST IMPORTANT way:

- Q21 In your opinion, how much have local white officials helped to REDUCE black business failure rates in this area?
- 1 A LOT
 - 2 SOME
 - 3 NOT AT ALL

If A LOT or SOME, please list THE MOST IMPORTANT way:

- Q22 Overall, how would you rate relations between blacks and whites in this area?
- 1 EXCELLENT
 - 2 GOOD
 - 3 FAIR
 - 4 POOR

- Q23 How much have local officials (black or white) included the black inner city in their business development programs?
- 1 A LOT
 - 2 SOME
 - 3 NOT AT ALL
 - 4 DON'T KNOW

If A LOT or SOME, please list THE MOST IMPORTANT WAY:

SECTION D: This section relates to the attitudes of black business owners toward the role of governmental agencies in black business development.

- Q24 How much have government agencies helped your business?
- 1 A LOT
 - 2 SOME
 - 3 NOT AT ALL

If A LOT or SOME, please list THE MOST IMPORTANT way:

- Q25 Which of the following TYPES of governmental agencies in your area do you feel should do more to help black businesses?
- 1 FEDERAL AGENCIES
 - 2 STATE AGENCIES
 - 3 LOCAL AGENCIES
 - 4 ALL LEVELS OF AGENCIES
 - 5 NONE OF THESE AGENCIES

SECTION E: This section relates to the attitudes of black business owners toward set-aside programs for minority businesses.

- Q26 Do you feel minority set-aside programs, which award certain percentages of local government contracts to minority businesses, are necessary? (Please circle the correct response)
- 1 YES
 - 2 NO
 - 3 DON'T KNOW

- Q27 Has your business participated in a minority set-aside program in the last five years?
- 1 YES (go on to next question)
 - 2 NO (skip to Question 35 on page 7)

SECTION F: Answer these questions only if you have participated in a set-aside program.

- Q28 What was the SIZE of the government contract(s) your business was awarded over the last five years?
- _____

- Q29 How much TIME did it take you to complete the forms needed to become certified as a minority business ready to take part in a set-aside program? (Number of person-hours) _____

Q30 Did you need to hire professionals to help you complete the certification form(s), or not? (Please circle the correct response)

1 YES

2 NO

Q31 How much did you pay these professionals? \$ _____

Q32 How easy or difficult do the requirements of the certification process make it to become certified as a minority business? (Please circle the correct response)

1 VERY EASY

2 SOMEWHAT EASY

3 SOMEWHAT DIFFICULT

4 VERY DIFFICULT

Q33 How much has the agency that runs the minority set-aside program done to see to it that black firms are treated fairly in the awarding of contracts?

1 A LOT

2 SOME

3 NOTHING AT ALL

If A LOT or SOME, please list THE MOST IMPORTANT way:

Q34 Below is a scale representing levels of satisfaction with minority set-aside programs, with 1 being "least satisfied" and 10 being "most satisfied." Using this scale, how SATISFIED were you with the last set-aside in which you took part?

1 2 3 4 5 6 7 8 9 10

LEAST SATISFIED

MOST SATISFIED

CONCLUDING QUESTIONS

Q35 What is the highest level of formal education that you received? (Please circle the correct response)

- 1 GRADE SCHOOL
- 2 HIGH SCHOOL
- 3 SOME COLLEGE (up to a two-year degree)
- 4 FOUR-YEAR COLLEGE DEGREE
- 5 GRADUATE DEGREE (masters or Ph.D. degree)
- 6 PROFESSIONAL DEGREE (law, medical, veterinary or dental school, etc)

Q36 Where do you live? (Please circle the correct response)

- 1 INNER CITY NEIGHBORHOOD
- 2 SUBURBS
- 3 RURAL AREA
- 4 OTHER. Please list: _____

Q37 Are most of the people in your residential community blacks? (Please circle the correct response)

- 1 YES
- 2 NO
- 3 AN EQUAL MIX OF BLACKS AND WHITES

Q38 What is your age? _____

Q39 What is your sex? FEMALE _____ MALE _____

Q40 What was the single most important FACTOR that HELPED you when you started your business?

Q41 What was the single most important FACTOR that HINDERED you when you started your business?

THANK YOU VERY MUCH

APPENDIX F
OFFICIAL QUESTIONS

PRELIMINARY QUESTIONS FOR LOCAL OFFICIALS

- Q1 Has your office done anything to increase the number of black businesses in your city in the past five years? If so, what has been done?
- Q2 Has your office done anything to reduce black business failure rates in your city in the past five years? If so, what has been done?
- Q3 Has your office done anything to increase total sales of black businesses in your city? If so, what has been done?
- Q4 Has your office done anything to increase average sales and employment rates of black businesses in your city? If so, what has been done?
- Q5 Has the black inner city been included in your city's overall business development programs? If so, how?
- Q6 Do you think that minority set-aside programs have helped black business development in your city in the past five years? If so, how?
- Q7 Is there more that your office or any other office in this city can do to help black business development? If so, what can be done?
- Q8 Do you think race relations in your city have affected the way local officials (elected, appointed, or agency) have tried to help black business development? If so, how?

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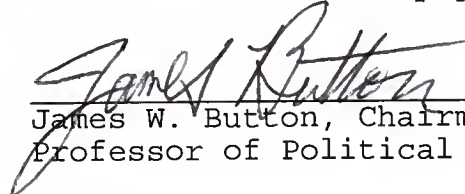
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BIOGRAPHICAL SKETCH

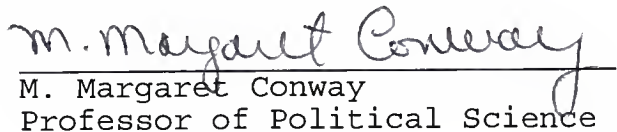
The author of this doctoral dissertation, Russell Benjamin, was born July 1, 1963 in Lamar, South Carolina. The second of five children, he was reared in Bishopville, South Carolina, by his parents, Louise and the late Jessie Benjamin. In 1981 Benjamin graduated salutatorian from Bishopville High School. After beginning his college career at the College of Charleston, Benjamin completed his undergraduate studies at the University of South Carolina, Columbia. In December 1985 he received a Bachelor of Arts in Political Science.

Benjamin enrolled in the master's program at the University of Florida in August 1988. He received a Master of Arts in Political Science in May 1991. Benjamin began his doctoral studies in 1990, focusing on American Government and Public Policy. He received a graduate certificate in gerontology in 1992 from the University of Florida. After receiving his doctoral degree, Benjamin plans to pursue an academic career.


I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.


James W. Button, Chairman
Professor of Political Science

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Professor of Political Science

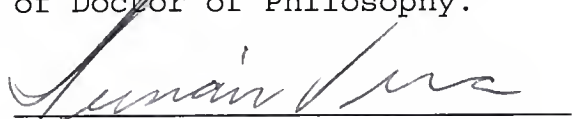
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Professor of Political Science

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Associate Professor of
Political Science

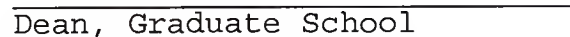
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A handwritten signature in dark ink, appearing to read "Hernan Vera", is written over a horizontal line.

Hernan Vera
Professor of Sociology

This dissertation was submitted to the Graduate Faculty of the Department of Political Science in the College of Liberal Arts and Sciences and to the Graduate School and was accepted as partial fulfillment of the requirements for the degree of Doctor of Philosophy.

December 1996

A horizontal line with a handwritten signature in dark ink, likely of the Dean, written over it.

Dean, Graduate School

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